

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))

Stock Code : 01426

Managed by
Spring Asset Management Limited

GLOBAL OFFERING



Sole Global Coordinator and Listing Agent

CREDIT SUISSE 

Joint Bookrunners and Joint Lead Managers

CREDIT SUISSE 

MIZUHO 

IMPORTANT: If you are in any doubt about the contents of this Offering Circular, you should seek independent professional financial advice.



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(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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GLOBAL OFFERING

Number of Units under the Global Offering : 439,500,000 (comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 98,000,000 New Units to be issued and offered by Spring REIT and subject to the Over-allotment Option)

Number of Units under the Hong Kong Public Offering : 43,950,000 (comprising New Units to be issued and offered by Spring REIT and subject to reallocation)

Number of Units under the International Offering : 395,550,000 (comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 54,050,000 New Units to be issued and offered by Spring REIT and subject to reallocation and the Over-allotment Option)

Maximum Offer Price : HK\$4.03 per Unit payable in full on application in Hong Kong dollars, plus brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003% (payable in full on application in Hong Kong dollars and subject to refund)

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The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (on behalf of the Underwriters), RCA Fund and the REIT Manager on the Price Determination Date. The Price Determination Date is expected to be on or about Friday, November 29, 2013. The Offer Price will not be more than HK\$4.03 and is currently expected to be not less than HK\$3.81.

The Sole Global Coordinator (on behalf of the Underwriters), with the consent of RCA Fund and the REIT Manager, may reduce the number of Units being offered under the Global Offering and/or the Offer Price range below that stated in this Offering Circular (which is HK\$3.81 to HK\$4.03 per Unit) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of Spring REIT at www.springreit.com and the Hong Kong Stock Exchange at www.hkexnews.hk not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Before submitting applications for the Hong Kong Public Offering Units, applicants under the Hong Kong Public Offering should note that applications cannot be withdrawn once submitted. However, if the number of Units being offered under the Global Offering and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed with their applications are received. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offering Units" in this Offering Circular.

The Units have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States. The Units are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Offering Circular, including the risk factors set out in the section headed "Risk Factors" in this Offering Circular. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this Offering Circular. It is important that you refer to that section for further details.

November 25, 2013

EXPECTED TIMETABLE⁽¹⁾

| | |
|---|--|
| Hong Kong Public Offering commences and WHITE and YELLOW Application Forms available from | 9:00 a.m. on Monday, November 25, 2013 |
| Latest time to complete electronic applications under the White Form eIPO service through the designated website at www.eipo.com.hk ⁽²⁾ | 11:30 a.m. on Thursday, November 28, 2013 |
| Application lists open ⁽³⁾ | 11:45 a.m. on Thursday, November 28, 2013 |
| Latest time to (a) lodge WHITE and YELLOW Application Forms, (b) complete payment for White Form eIPO applications by effecting Internet banking transfer(s) or PPS payment transfer(s) and (c) give electronic application instructions to HKSCC ... | 12:00 noon on Thursday, November 28, 2013 |
| Application lists close ⁽³⁾ | 12:00 noon on Thursday, November 28, 2013 |
| Expected Price Determination Date | Friday, November 29, 2013 |
| (1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Public Offering Units to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before ... | Wednesday, December 4, 2013 |
| (2) Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed “How to Apply for Hong Kong Public Offering Units — Publication of Results” in this Offering Circular from | Wednesday, December 4, 2013 |
| (3) Announcement containing (1) and (2) above to be published on the websites of Spring REIT at www.springreit.com and the Hong Kong Stock Exchange at www.hkexnews.hk , respectively, from | Wednesday, December 4, 2013 |
| Dispatch of Unit certificates and White Form e-Refund payment instructions/refund cheques on or before ⁽⁴⁾ | Wednesday, December 4, 2013 |
| Dealings in the Units on the Hong Kong Stock Exchange expected to commence on | Thursday, December 5, 2013 |

Notes:

(1) All dates and times refer to Hong Kong dates and times.

EXPECTED TIMETABLE⁽¹⁾

- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 28, 2013, the application lists will not open and close on that day. Please see the section headed “How to Apply for Hong Kong Public Offering Units — Effect of Bad Weather on the Opening and Closing of the Application Lists” in this Offering Circular for further information.
- (4) Unit certificates for the Hong Kong Public Offering Units are expected to be issued on Wednesday, December 4, 2013, but will only become valid if the Global Offering has become unconditional in all respects at any time prior to 8:00 a.m. on the Listing Date, which is expected to be Thursday, December 5, 2013. Investors who trade Units on the basis of publicly available allocation details or prior to the receipt of the Unit certificates or prior to the Unit certificates becoming valid do so entirely at their own risk.

For details of the structure of the Global Offering, including its conditions and the procedures for applications for Hong Kong Public Offering Units, see the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Public Offering Units” in this Offering Circular, respectively.

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KEY INVESTMENT INFORMATION

OFFERING CIRCULAR SUMMARY

The following summary is derived from, and should be read in conjunction with, the full text of this Offering Circular. This section is only a general summary of the more detailed information contained elsewhere in this Offering Circular. You should read carefully the entire Offering Circular to understand Spring REIT's business, statement of distributions, the rights attached to the Units, and tax and other considerations that may be important to your decision whether to invest in the Units. As an investment in the Units involves risks, you should pay particular attention to the section headed "Risk Factors" in this Offering Circular.

In making your investment decision, you should rely only on the information contained in this Offering Circular. None of Spring REIT, the REIT Manager, the Trustee, RCA Fund, AD Capital, the Underwriters, the Listing Agent, any of their respective directors, agents, employees or advisors or any other persons involved in the Global Offering has authorized anyone to provide you with any information or make any representation that is different from that contained in this Offering Circular.

Statements contained in this summary that are not historical facts may be forward-looking statements based on certain reasonable 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 investors 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 investors 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.

OFFERING CIRCULAR SUMMARY

Spring REIT is the first REIT to offer investors 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 INVESTMENT HIGHLIGHTS OF SPRING REIT

The REIT Manager believes that Spring REIT presents Unitholders with an attractive investment 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 “Investment Highlights” in this Offering Circular.

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.

OFFERING CIRCULAR SUMMARY

- **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 Offering Circular.

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.

OFFERING CIRCULAR SUMMARY

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

| <u>Tenant</u> | <u>Expiration date(s)</u> | <u>Office GFA</u> <i>(sq.m.)</i> | <u>Percentage of Total Office GFA</u> <i>(%)</i> |
|--|------------------------------|-------------------------------------|---|
| 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 | | <u>25,794</u> | <u>21.5</u> |

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.

Other than Deutsche Bank and Zhong De Securities, which are connected persons of Spring REIT as a result of their relationships with the Trustee, none of the other three largest tenants in terms of Office GFA are connected persons of Spring REIT.

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:

| | <u>Average Office Occupancy Rate⁽¹⁾</u> <i>(%)</i> | <u>Average Unit Rent of New/Renewed Leases⁽²⁾</u> <i>(RMB)</i> | <u>Average Leased Unit Rent⁽³⁾</u> <i>(RMB)</i> |
|---|--|--|---|
| 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 |

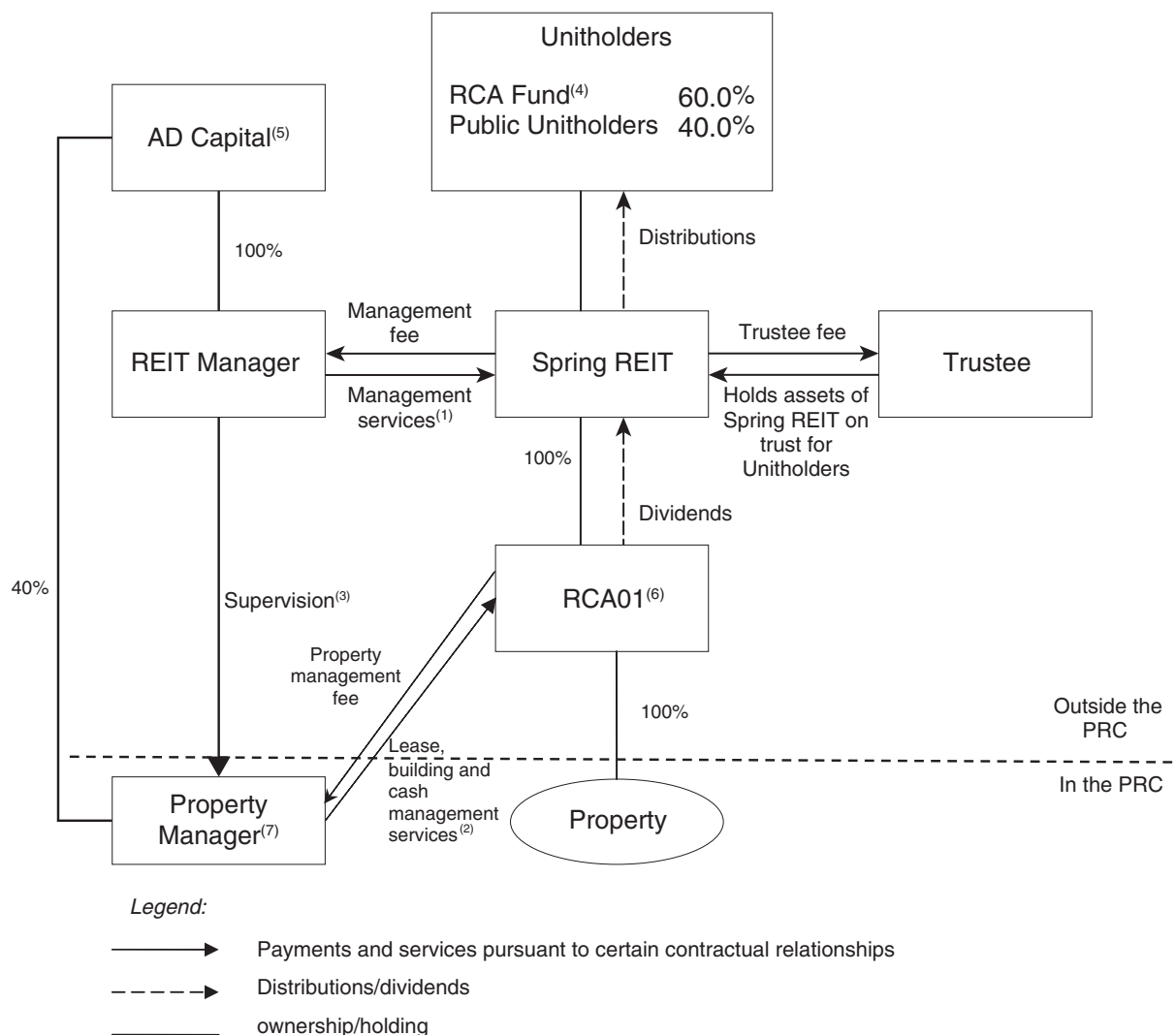
Notes:

- (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.

OFFERING CIRCULAR SUMMARY

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 the Global Offering (before any exercise of the Over-allotment Option).



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 Offering Circular 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 Offering Circular 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 Offering Circular 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.

OFFERING CIRCULAR SUMMARY

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 Offering Circular.

- (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 Offering Circular.

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 Global Offering, as one of the reorganization steps to take place prior to the Listing Date, 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 Offering Circular 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 Listing Rules, the Trust Deed and all relevant contracts. See the section headed “The REIT Manager” in this Offering Circular 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.

OFFERING CIRCULAR SUMMARY

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 Offering Circular.

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 Offering Circular.

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

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 Offering Circular.

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 Offering Circular. The financial information as of and for the years ended December 31, 2010, 2011 and 2012 and the six

OFFERING CIRCULAR SUMMARY

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 Offering Circular.

The summary financial information for RCA01 included below and set forth in Appendix I to this Offering Circular 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 Offering Circular and the historical financial information of RCA01 and related notes thereto set forth in Appendix I to this Offering Circular. 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 Offering Circular.

OFFERING CIRCULAR SUMMARY

Statements of Comprehensive Income

| | Year ended December 31, | | | Six months ended June 30, | |
|--|-------------------------|-----------------|-----------------|---------------------------------------|-----------------|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> <i>(unaudited)</i> | <u>US\$'000</u> |
| 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 | <u>99,166</u> | <u>183,635</u> | <u>194,378</u> | <u>112,223</u> | <u>52,266</u> |
| 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 | <u>104,693</u> | <u>199,116</u> | <u>196,216</u> | <u>110,359</u> | <u>63,044</u> |

Note:

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

OFFERING CIRCULAR SUMMARY

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 |
| | <u>797,057</u> | <u>998,122</u> | <u>1,186,859</u> | <u>1,255,543</u> |
| 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 |
| | <u>51,279</u> | <u>63,656</u> | <u>79,928</u> | <u>79,284</u> |
| Total assets | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| 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 | <u>362,610</u> | <u>569,442</u> | <u>766,047</u> | <u>803,255</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Long-term borrowings | <u>465,947</u> | <u>472,343</u> | <u>—</u> | <u>500,535</u> |
| 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 | — |
| | <u>19,779</u> | <u>19,993</u> | <u>500,740</u> | <u>31,037</u> |
| Total liabilities | <u>485,726</u> | <u>492,336</u> | <u>500,740</u> | <u>531,572</u> |
| Total equity and liabilities | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| Net current assets / (liabilities) | <u>31,500</u> | <u>43,663</u> | <u>(420,812)</u> | <u>48,247</u> |
| Total assets less current liabilities | <u>828,557</u> | <u>1,041,785</u> | <u>766,047</u> | <u>1,303,790</u> |

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.

OFFERING CIRCULAR SUMMARY

Statements of Cash Flows

| | Year ended December 31, | | | Six months ended June 30, | |
|---|-------------------------|-----------------|-----------------|---------------------------------------|-----------------|
| | 2010 | 2011 | 2012 | 2012 | 2013 |
| | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> <i>(unaudited)</i> | <u>US\$'000</u> |
| 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 | <u>5,927</u> | <u>2,099</u> | <u>12,076</u> | <u>7,117</u> | <u>20,675</u> |

PROFIT FORECAST FOR THE PERIOD FROM THE LISTING DATE TO DECEMBER 31, 2013

The REIT Manager forecasts that, in the absence of unforeseen circumstances and on the bases and assumptions set out in the section headed “Profit Forecast — Bases and Assumptions” in this Offering Circular, the profit attributable to Unitholders and the Annual Distributable Income of Spring REIT for the period from the Listing Date to December 31, 2013 (being the Profit Forecast Period) will be not less than US\$1.2 million and US\$2.1 million, respectively.

The profit forecast assumes that the anticipated Listing Date will be December 5, 2013 and will vary if the actual Listing Date is different.

OFFERING CIRCULAR SUMMARY

| | For the Profit Forecast Period |
|--|---|
| | US\$'000 |
| Revenue | |
| Rental income | 5,103 |
| Car park income | 40 |
| Other income | 0 |
| | <u>5,143</u> |
| Operating expenses | |
| Property management fee | (103) |
| Property taxes | (284) |
| Business tax and other taxes | (301) |
| Withholding tax | (514) |
| Insurance | (13) |
| Leasing commissions | (71) |
| Others | 0 |
| | <u>(1,286)</u> |
| General and administrative expenses | |
| Asset management fee | 0 |
| Professional fee | (45) |
| | <u>(45)</u> |
| Trust and IPO-related expenses | |
| REIT Manager's fee | (419) |
| Trustee fees and other trust expenses | (201) |
| | <u>(620)</u> |
| Increase in fair value of investment property⁽¹⁾ | 0 |
| Other losses, net | <u>(59)</u> |
| Operating profit | 3,133 |
| Finance income | 22 |
| Finance costs | <u>(1,958)</u> |
| Profit for the period | <u><u>1,197</u></u> |
| Distribution data: | |
| Profit for the period | 1,197 |
| Adjustments ⁽²⁾ | 891 |
| Distributable income for the Profit Forecast Period | <u><u>2,088</u></u> |

| | For the Profit Forecast Period | |
|--|---------------------------------------|--------------------------------|
| | Minimum Offer Price | Maximum Offer Price |
| Offer price (HK\$) | 3.81 | 4.03 |
| Assumed number of Units outstanding as of December 31, 2013 for the Profit Forecast Period (in millions) ⁽³⁾ | 1,099 | 1,099 |
| Forecast distribution per Unit ("DPU") (HK\$) | 0.015 | 0.015 |
| Annualized DPU (HK\$) | 0.199 | 0.199 |
| Forecast annualized distribution yield ⁽⁴⁾ | 5.23% | 4.94% |

OFFERING CIRCULAR SUMMARY

Notes:

- (1) The forecast valuation of the investment property held by the Spring REIT (being the Property) as of the Listing Date and December 31, 2013 is based on the Appraised Value of the Property by the Independent Property Valuer as of August 31, 2013. The REIT Manager forecasts that there will be no material change in the fair value of investment property in the Profit Forecast Period.
- (2) Adjustments are made to add back (i) US\$59,000 in respect of the losses in fair value of derivative financial instruments, (ii) US\$335,000 in respect of the portion of the REIT Manager's fee to be paid in the form of Units, and (iii) US\$497,000 in respect of the non-cash loan arrangement fees amortized under finance costs.
- (3) For the purpose of calculating the DPU of the Units held by Unitholders as of December 31, 2013 for the FY2013 Distribution Period set forth in the table above, it is assumed the number of Units issued and outstanding remains unchanged, and includes the estimated number of Units to be issued as the REIT Manager's fee of approximately 644,000 Units based on the Maximum Offer Price and approximately 681,000 Units based on the Minimum Offer Price for the Profit Forecast Period.
- (4) The annualized forecast distribution yields are provided for illustrative purposes only. The annualized actual distribution yield may differ from the annualized forecast distribution yields based on the forecast DPU for the Profit Forecast Period. The annualized forecast distribution yields have been calculated with reference to the Minimum Offer Price and Maximum Offer Price only. Such yields will vary for investors who purchase Units in the secondary market at a market price that differs from the Minimum Offer Price and the Maximum Offer Price or for investors who do not hold Units for the entire Profit Forecast Period.

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 Offering Circular, 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 Offering Circular. 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.

OFFERING CIRCULAR SUMMARY

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⁾ | <p>Base Fee</p> <p>0.4% per annum of the value of the Deposited Property.</p> <p>Variable Fee</p> <p>3.0% per annum of the Net Property Income (before deduction therefrom of the Base Fee and Variable Fee).</p> <p>Acquisition Fee</p> <p>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.</p> <p>Divestment Fee</p> <p>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.</p> |
| (b) Trustee's fee | <p>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.</p> <p>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 IPO.</p> |
| (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.

OFFERING CIRCULAR SUMMARY

The following is a summary of certain fees and charges payable by Unitholders, in HK\$, in connection with the subscription or purchase of Units in the Global Offering:

| Payable by Unitholders directly | Amounts Payable⁽¹⁾ |
|--|--------------------------------------|
| Brokerage | 1.0% of Maximum Offer Price |
| Hong Kong Stock Exchange trading fee | 0.005% of Maximum Offer Price |
| SFC transaction levy | 0.003% of Maximum Offer Price |

Note:

(1) Subject to refund if the Offer Price is lower than the Maximum Offer Price.

RISK FACTORS

There are risks associated with any investment. Some of the particular risks in investing in the Units are set out in the section headed “Risk Factors” in this Offering Circular. Investors should read that entire section carefully before they decide to invest in the Units.

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| | |
|--------------------------------------|--|
| Spring REIT | Spring Real Estate Investment Trust is a collective investment scheme constituted as a unit trust by the Trust Deed and authorized under section 104 of the SFO. |
| The REIT Manager | Spring Asset Management Limited, which is wholly owned by AD Capital, a private equity investment firm owned by DBJ, Asuka Asset Management Co., Ltd. and certain minority management shareholders. |
| The Trustee | DB Trustees (Hong Kong) Limited. |
| The Selling Unitholder | RCA Fund, which is an exempted limited partnership established in the Cayman Islands. 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). |
| The Global Offering | An initial offer of 439,500,000 Units under the Hong Kong Public Offering and the International Offering, comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 98,000,000 New Units to be issued and offered by Spring REIT, subject to the Over-allotment Option. |
| The Hong Kong Public Offering | An initial offer of 43,950,000 New Units to be issued and offered by Spring REIT to the public in Hong Kong (subject to reallocation). |
| The International Offering | An initial offer of an aggregate of 395,550,000 Units (comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 54,050,000 New Units to be issued and offered by Spring REIT, and subject to reallocation and the exercise of the Over-allotment Option) solely to institutional, professional and other investors outside the United States in offshore transactions in reliance on Regulation S, subject to the terms and conditions described in this Offering Circular. |
| Over-allotment Option | The International Underwriters are expected to be granted an Over-allotment Option by the Selling Unitholder pursuant to the International Underwriting Agreement, exercisable in full or in part, on one or more occasions from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering to require the Selling Unitholder to sell up to an aggregate of 65,925,000 Sale Units at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. The exercise of the Over-allotment Option will not increase the total number of Units outstanding upon completion of the Global Offering. The total number of Sale Units subject to the |

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Over-allotment Option will constitute not more than 15% of the total number of Units initially available under the Global Offering.

Reallocation of Units

The Units to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated between these offerings. See the section headed “Structure of the Global Offering” in this Offering Circular.

Offer Price Range

The Offer Price of the Units will not be more than HK\$4.03 and is currently expected to be not less than HK\$3.81.

Charges Payable by Investors

In addition to the Maximum Offer Price, investors applying for Units in the Global Offering must pay brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003% of the Maximum Offer Price, subject to refund if the Offer Price is lower than the Maximum Offer Price.

Use of Proceeds

See the section headed “Use of Proceeds” in this Offering Circular for details of how the proceeds from the Global Offering will be applied.

Issuance of Units to RCA Fund

Prior to and not as part of the Global Offering, 1,000,000,000 Units will be issued by Spring REIT to RCA Fund in exchange for all of the issued RCA01 Shares pursuant to the Reorganization Agreement.

Lock-ups

The REIT Manager has given certain lock-up undertakings to the Listing Agent, the Sole Global Coordinator and the Hong Kong Underwriters that Spring REIT will not issue any new Units for a period of six months from the Listing Date, subject to certain exceptions. RCA Fund has also given certain lock-up undertakings to the REIT Manager, the Listing Agent, the Sole Global Coordinator and the Hong Kong Underwriters that it will not (a) transfer or dispose of any Units held by it for a period of six months from the Listing Date and (b) transfer or dispose of any Units which would result in it ceasing to hold at least 25% of the Units then in issue during the following period of six months, subject to certain exceptions. See the section headed “Underwriting” in this Offering Circular for further details.

Market Capitalization

HK\$4,425 million, based on the Maximum Offer Price or HK\$4,183 million, based on the Minimum Offer Price.

Pro Forma NAV per Unit as of the Listing Date

The NAV per Unit is HK\$6.01 and HK\$5.99 based on the Maximum Offer Price and Minimum Offer Price, respectively. The calculation of the Pro Forma NAV per

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Unit is arrived at on the basis of the net assets attributable to Unitholders extracted from the unaudited pro forma statements of financial position of Spring REIT set out in Appendix II to this Offering Circular based on the Maximum Offer Price and Minimum Offer Price and on the basis that 1,098,000,000 Units will be in issue upon completion of the Global Offering.

Listing and Trading

Prior to the Global Offering, there has been no market for the Units. Preliminary approval has been granted by the Hong Kong Stock Exchange for the listing of, and permission to deal in, all the Units on the Main Board of the Hong Kong Stock Exchange. Dealings in Units on the Hong Kong Stock Exchange are expected to commence on Thursday, December 5, 2013. If the Hong Kong Stock Exchange grants formal approval for the listing of, and permission to deal in, the Units on the Main Board of the Hong Kong Stock Exchange and Spring REIT complies with the stock admission requirements of HKSCC, the Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS, with effect from the Listing Date or any other date that HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Hong Kong Stock Exchange business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Units to be admitted into CCASS.

Stabilization

In connection with the Global Offering, Credit Suisse, as the Stabilizing Manager, may over-allocate or effect transactions with a view to supporting the market price of the Units at a level higher than that which might otherwise prevail in the open market for a period of 30 days after the last date for lodging applications under the Hong Kong Public Offering.

No Redemption Right for Unitholders

Unitholders have no right to request that the REIT Manager redeem their Units at any time. Listing of the Units on the Hong Kong Stock Exchange does not guarantee a liquid market for the Units.

Profit Forecast (for the FY2013 Distribution Period)

The REIT Manager forecasts that, in the absence of unforeseen circumstances and on the basis and assumptions set out in the section headed "Profit Forecast" in this Offering Circular, the profit attributable

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to Unitholders and the Annual Distributable Income of Spring REIT for the FY2013 Distribution Period will be not less than US\$1.2 million and US\$2.1 million, respectively. For further details, including the principal assumptions on which the forecast is based, see the section headed “Profit Forecast” in this Offering Circular.

Distributions

The REIT Manager’s policy is to distribute to Unitholders as distributions an amount of no less than 90% of Spring REIT’s Annual Distributable Income for each financial year, as more fully described in the section headed “Distribution Policy” in this Offering Circular. Pursuant to the Trust Deed, the REIT Manager may at its discretion from time to time direct the Trustee to make distributions over and above the minimum 90% of Annual Distributable Income. The REIT Manager currently intends to distribute 100% of the Annual Distributable Income for the period from the Listing Date to December 31, 2013 and for the financial year ending December 31, 2014. Distributions will be declared in Hong Kong dollars.

See the section headed “Risk Factors” in this Offering Circular for a discussion of factors that may adversely affect the ability of Spring REIT to make distributions to Unitholders.

Statement of Distributions

Spring REIT expects to achieve a total distribution amount per Unit of not less than HK\$0.015 in respect of the FY2013 Distribution Period, representing an annualized distribution yield of 4.94% based on the Maximum Offer Price and 5.23% based on the Minimum Offer Price (in each case excluding other transaction costs). The annualized forecast distribution yields are provided for illustrative purposes only. The annualized actual distribution yield may differ from the annualized forecast distribution yields based on the forecast DPU for the Profit Forecast Period. **The distribution amount declared for the FY2013 Distribution Period will be paid to the Unitholders as of the Record Date for such distribution.**

Pre-IPO Distribution

RCA01 paid a distribution, by way of a dividend, of US\$15 million to RCA Fund on November 15, 2013. See the section headed “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments” in this Offering Circular.

Tax Considerations

See the section headed “Taxation” in this Offering Circular for further information on certain tax consequences of the purchase, ownership and disposition of the Units.

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Termination of Spring REIT

Spring REIT may be terminated by a Special Resolution of Unitholders and in certain other circumstances as set out in the Trust Deed. See the section headed “The Trust Deed and Related Matters” in this Offering Circular for further information.

Risk Factors

Prospective investors should carefully consider the risks connected with an investment in the Units. Certain of these risks are discussed in the section headed “Risk Factors” in this Offering Circular.

INFORMATION ABOUT THIS OFFERING CIRCULAR AND THE GLOBAL OFFERING

RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING CIRCULAR

The REIT Manager and the Directors (whose names appear in the section headed “Parties Involved in the Global Offering” in this Offering Circular) jointly and severally accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement in this Offering Circular misleading.

Mr. Toshihiro Toyoshima and Mr. Hideya Ishino, being the executive directors of AD Capital, the manager of RCA Fund, jointly and severally accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement in this Offering Circular misleading.

SFC AUTHORIZATION

Spring REIT has been authorized by the SFC under section 104 of the SFO. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC does not take any responsibility for the financial soundness of Spring REIT or for the correctness of any statements made or opinions expressed in this Offering Circular and other documents relating to Spring REIT.

UNDERWRITING

This Offering Circular is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Offering Circular and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering is managed by the Sole Global Coordinator. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters. Pursuant to the International Underwriting Agreement, the International Offering is expected to be underwritten by the International Underwriters. Further details about the Underwriters and the underwriting arrangements are contained in the section headed “Underwriting” in this Offering Circular.

DISTRIBUTION AND SELLING RESTRICTIONS

The Hong Kong Public Offering Units are offered solely on the basis of the information contained and representations made in this Offering Circular and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Hong Kong Public Offering or to make any representation not contained in this Offering Circular, and any information or representation not contained herein must not be relied upon as having been authorized by Spring REIT, the REIT Manager, AD Capital, the Trustee, RCA Fund, the Underwriters, the Listing Agent, any of their respective directors, agents, employees or advisors or any other persons involved in the Global Offering.

INFORMATION ABOUT THIS OFFERING CIRCULAR AND THE GLOBAL OFFERING

The Units have not been, and will not be, registered under the U.S. Securities Act or any state securities law in the United States. The Global Offering is being made in accordance with Regulation S.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this Offering Circular or any other offering or publicity material relating to Spring REIT or the Units in any country or jurisdiction other than Hong Kong. Accordingly, the Units are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S. The Units may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, form of application or advertisement in connection with the Global Offering may be distributed or published in, to or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each person acquiring Units will be required to confirm, or by the acquisition of Units will be deemed to have confirmed, that he is aware of the restrictions on offers of Units described in this Offering Circular.

Applicants for Units are recommended to consult their professional advisors if they are in any doubt as to the regulatory implications of subscribing for, purchasing, holding, disposing of or otherwise dealing in Units.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

Prior to the Global Offering, there has been no market for the Units. Preliminary approval has been granted by the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Units on the Main Board of the Hong Kong Stock Exchange. No part of the Units is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future. Dealings in the Units on the Hong Kong Stock Exchange are expected to commence on Thursday, December 5, 2013. The Units will be traded in board lots of 1,000 Units each. The stock code of Spring REIT is 01426.

ELIGIBILITY FOR ADMISSION INTO CCASS

Subject to the granting of formal approval for the listing of, and permission to deal in, the Units on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units on the Hong Kong Stock Exchange or any other date that HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Hong Kong Stock Exchange business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Units to be admitted into CCASS.

INFORMATION ABOUT THIS OFFERING CIRCULAR AND THE GLOBAL OFFERING

STAMP DUTY

No Hong Kong stamp duty is payable in connection with the initial issue of Units to successful applicants under the Hong Kong Public Offering. Subsequent dealings in Units by the Unitholders will be subject to Hong Kong stamp duty. Hong Kong stamp duty will be payable by the purchaser and by the seller on every sale of the Units, whether or not the purchase or sale is on or off the Hong Kong Stock Exchange. 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 the 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.

PROFESSIONAL TAX ADVICE RECOMMENDED

Persons who are unsure about the taxation implications of the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to the Units should consult a professional advisor.

None of Spring REIT, the REIT Manager, the Trustee, RCA Fund, AD Capital, the Underwriters, the Listing Agent, any of their respective directors, agents, employees or advisors or any other persons involved in the Global Offering accepts any responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposal of, dealing in or the exercise of any rights in relation to the Units.

OFFER PRICE

The Maximum Offer Price is HK\$4.03 and the Offer Price is expected to be determined by agreement between the REIT Manager, RCA Fund and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date. See the section headed “Structure of the Global Offering” in this Offering Circular for details.

All applicants are required to pay the Maximum Offer Price of HK\$4.03 per Unit (plus brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003% of the Maximum Offer Price), subject to refund if the Offer Price is less than the Maximum Offer Price.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFERING UNITS

The procedures for applying for the Hong Kong Public Offering Units are set out in the section headed “How to Apply for Hong Kong Public Offering Units” in this Offering Circular and in the relevant Application Forms.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Details of the conditions of the Hong Kong Public Offering are set out in the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” in this Offering Circular.

INFORMATION ABOUT THIS OFFERING CIRCULAR AND THE GLOBAL OFFERING

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this Offering Circular.

LANGUAGE

Translated English names of Chinese laws and regulations, governmental authorities, departments, entities, institutions, natural persons, facilities, certificates, titles and the like included in this Offering Circular and for which no official English translation exists are unofficial translations for identification purposes only.

ROUNDING

For the purpose of consistency, where applicable and not otherwise stated, percentage figures in this Offering Circular have been rounded to up to one decimal place and certain financial figures have been rounded to the nearest thousand or million, or up to one decimal place, as applicable. Such figures and calculations derived from such figures are therefore subject to rounding adjustments.

Any discrepancies in any table or the notes to such table between totals and sums of amounts listed therein are due to rounding adjustments.

PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|--|---|
| 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 | |
| <i>Chairman</i> | Mr. Toshihiro Toyoshima |
| <i>Executive Directors</i> | Mr. Lau Jin Tin, Don Mr. Nobumasa Saeki |
| <i>Non-executive Directors</i> | Mr. Toshihiro Toyoshima Mr. Hideya Ishino |
| <i>Independent Non-executive Directors</i> | 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 |
| Hong Kong Unit Registrar | Computershare Hong Kong Investor Services Limited Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong |
| Sole Global Coordinator and Listing Agent | Credit Suisse (Hong Kong) Limited Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong |
| Joint Bookrunners and Joint Lead Managers | Credit Suisse (Hong Kong) Limited Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong Mizuho Securities Asia Limited 12/F, Chater House 8 Connaught Road Central Hong Kong |

PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|---|---|
| Auditor and Reporting Accountant | PricewaterhouseCoopers Certified Public Accountants 22/F, Prince's Building Central Hong Kong |
| Selling Unitholder | RCA Fund 01, L.P. PO Box 1093 Queensgate House Grand Cayman KY1-1102 Cayman Islands |
| Legal Advisors to the REIT Manager and RCA Fund | <i>As to Hong Kong and United States laws</i> DLA Piper Hong Kong 17/F Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong <i>As to PRC law</i> Zhong Lun Law Firm 36-37/F, SK Tower 6A Jianguomenwai Avenue Beijing China <i>As to Cayman Islands law</i> Maples and Calder 53/F, The Center 99 Queen's Road Central Hong Kong |
| Legal Advisors to the Listing Agent and the Underwriters | <i>As to Hong Kong and United States laws</i> Freshfields Bruckhaus Deringer 11/F, Two Exchange Square Central Hong Kong <i>As to PRC law</i> Jun He Law Offices 32/F, Shanghai Kerry Centre 1515 Nanjing Road West Shanghai China |
| Legal Advisor to the Trustee | <i>As to Hong Kong law</i> Mayer Brown JSM 16-19/F, Prince's Building 10 Chater Road Central Hong Kong |

PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|------------------------------------|--|
| 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 |
| Receiving Banks | Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Hong Kong |

RISK FACTORS

An investment in the Units involves significant risks. Prospective investors should consider carefully, together with all other information contained in this Offering Circular, the risk factors described below before deciding to invest in the Units.

As an investment in a collective investment scheme is meant to produce returns over the long term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of the Units, and the income from them, may rise or fall. Investors should note that they may not get back their original investment and that they may not receive any distributions. The occurrence of any of the following events could harm us. If any of these events occurs, the trading price of the Units could decline and you may lose all or part of your investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from their advisors regarding their prospective investment in the context of their particular circumstances.

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.

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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 market value and sale price 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,

RISK FACTORS

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 market value of the Units 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. Upon the completion of the Global Offering, the aggregate amount of existing borrowings of Spring REIT will represent approximately 33.9% (based on the Maximum Offer Price) and 34.1% (based on the Minimum Offer Price) of the total gross asset value of Spring REIT, based on the unaudited pro forma statement of financial position of Spring REIT set out in Appendix II to this Offering Circular. 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 Offering Circular. In addition, fluctuations in interest rates may have an adverse effect on the

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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;

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- 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 Offering Circular. 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 Offering Circular to accomplish these key objectives, there can be no assurance that it will be able to

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successfully implement such strategies, or that it will be able to do so in a timely and cost effective manner. Unitholders and potential investors should also note that, subject to the requirements of the REIT Code, the Trust Deed, the Listing Agreement 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 Offering Circular may change.

Spring REIT and the REIT Manager are both newly established entities and do not have established operating histories for investors to rely on in making an investment decision

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 investors may find it difficult to evaluate their business and prospects. In particular, RCA01’s historical financial information included in this Offering Circular 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 or as a publicly listed entity.

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

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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 Global Offering, 658,500,000 Units (constituting 60.0% of the total number of Units in issue) (assuming that the Over-allotment Option is not exercised) or 592,575,000 Units (constituting 54.0% of the total

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number of Units in issue) (assuming the Over-allotment Option is exercised in full). 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 Global Offering, 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 the final Offer Price. Based on the Offer Price range stated in this Offering Circular of between HK\$3.81 and HK\$4.03, the maximum liability of RCA Fund in this respect is expected to be between HK\$3,810 million and HK\$4,030 million. 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

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completion of the Global Offering 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 Global Offering 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 Offering Circular. 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.

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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 listed 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.

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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 Offering Circular. 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 Offering Circular. 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 Offering Circular. 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.

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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 Listing Agent 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 Offering Circular. 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 competitiveness and attractiveness depend, to a large extent, on the local conditions of Beijing and the CBD in Beijing, such as environment and

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transportation. Severe environmental pollution such as severe smog and air pollution and traffic congestion problems in Beijing may adversely affect the competitiveness 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

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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

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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 Offering Circular. 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

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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.

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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

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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.

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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.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

The sale or possible sale of a substantial number of Units by RCA Fund and/or any of the transferees of its Units (following the expiry of the applicable lock-up arrangements) in the public market could have adverse effects on the Unit price of Spring REIT

Following the Global Offering, Spring REIT will have 1,098,000,000 Units in issue, of which 658,500,000 Units will be held by RCA Fund, assuming the Over-allotment Option is not exercised. If RCA Fund and/or any of the transferees of its Units (following the expiry of the applicable lock-up arrangements) sells or is perceived as intending to sell a substantial number of its Units, the market price for the Units could be adversely affected.

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The Units have never been publicly traded and the Global Offering may not result in an active or liquid market for the Units

Prior to the Global Offering, there has been no public market for the Units and an active public market for the Units may not develop or be sustained after the Global Offering. Although the Units will be listed on the Hong Kong Stock Exchange following the completion of the Global Offering, this does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market. The REIT Manager is required under the Trust Deed to use best efforts to ensure that a minimum of 25% (or such other percentage specified or permitted by the SFC from time to time) of the outstanding Units are held by the public. There can be no assurance as to the percentage of Units which will be held by the public or as to the number of Unitholders in Spring REIT at any time.

An investment in the Units presents taxation risk

Spring REIT, as a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO, is exempt from Hong Kong profits tax, although the Property is subject to taxation in the PRC. Any change in the tax status of Spring REIT, RCA01 or any other entities which are controlled by Spring REIT, or in taxation legislation in the PRC, Hong Kong or the Cayman Islands generally or any other jurisdiction affecting the Unitholders could affect the value of the investments held by Spring REIT or affect Spring REIT's ability to achieve its investment objectives or alter after-tax returns to the Unitholders. REITs in Hong Kong may differ in significant aspects, including tax treatment, from REITs in other jurisdictions. If there is any doubt as to tax position, investors should consult their own tax advisors.

Unitholders will be structurally subordinated to all existing and future claims of creditors of RCA01

The claims of creditors of RCA01 will have priority to the assets of RCA01 over the claims of Spring REIT (other than to the extent that Spring REIT is an unsubordinated creditor of RCA01). RCA01 has incurred indebtedness under the Term Loan Facility and such indebtedness is secured against certain assets of RCA01 including its interest in the Property. In addition, RCA01 may in the future incur additional secured or unsecured indebtedness. Secured creditors of RCA01 would have prior rights of claim over the secured assets to other creditors of RCA01, and all creditors of RCA01 would rank ahead of the claims of Spring REIT (other than to the extent that Spring REIT is an unsubordinated creditor of RCA01).

Unitholders have no right to require the redemption of their Units

Unitholders have no right to require the redemption of their Units. Therefore, there can be no assurance that a Unitholder will be able to dispose of its Units at the Offer Price or any price, or at all. Accordingly, Unitholders may only be able to liquidate or dispose of their Units through a sale of such Units to third parties on the secondary market.

The price of the Units may decline after the Global Offering

The Offer Price of the Units will be determined by agreement between the REIT Manager, RCA Fund and the Sole Global Coordinator (on behalf of the Underwriters) and may not be indicative of the market price for the Units after completion of the Global

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Offering. The Units may trade at prices significantly below the Offer Price after the Global Offering and the price of the Units may be volatile. The price of the Units will depend on many factors, which may change from time to time, including but not limited to: (i) the perceived prospects of Spring REIT's business and investments and the PRC real estate market; (ii) differences between Spring REIT's actual financial and operating results and those expected by investors and analysts; (iii) changes in Spring REIT's revenues or earnings estimates or analysts' recommendations or projections; (iv) changes in general economic or market conditions both domestically and internationally; (v) the market value of Spring REIT's assets; (vi) changes in market valuations of similar companies; (vii) increases in interest rates; (viii) the perceived attractiveness of the Units against those of other equity securities, including those not relating to the real estate sector; (ix) the future size and liquidity of the market for the Units and the Hong Kong REIT market generally; (x) any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Hong Kong REITs and owners and operators of property in Beijing or elsewhere; (xi) the ability on Spring REIT's part to implement successfully its investment and growth strategies and to retain its key personnel; and (xii) broad market fluctuations, including weakness of the equity market and increases in interest rates.

For these reasons, among other things, Units may trade at prices that are higher or lower than the attributable net asset value per Unit. If Spring REIT retains operating cash flow for investment purposes, as working capital reserves or for other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on Spring REIT's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units. In addition, there is no guarantee provided to investors. Unitholders may not get back their full investment amount. If Spring REIT is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

The forward-looking and certain other information in this Offering Circular may prove inaccurate

This Offering Circular contains forward-looking statements regarding, among other things, forecast of net profits and distribution levels for the period from the Listing Date to December 31, 2013. These forward-looking statements are based on a number of assumptions regarding the REIT Manager's strategies and environment in which Spring REIT or the REIT Manager will operate in the future, which are subject to significant uncertainties and contingencies, many of which are outside of Spring REIT's control. Moreover, Spring REIT's revenue is dependent on a number of factors, including the ability of the REIT Manager to fully implement its strategies, the receipt of dividends and distributions, directly or indirectly, from RCA01 as well as rent from the Property. Such rent, dividends and distributions may decrease for a number of reasons, including the lowering of occupancy and rental rates, and insolvency or delay in rent payment by tenants, which may adversely affect Spring REIT's ability to achieve the forecasted distributions as some or all events and circumstances assumed may not occur as expected, or events and circumstances which are not currently anticipated may arise. Because such statements and financial information reflect the REIT Manager's current view concerning future events, such statements and financial information necessarily involve risks, uncertainties and assumptions. These statements speak only as of the date they are made and reflect only the REIT Manager's views as at that time and the REIT Manager undertakes no obligation to update them in light of new information, circumstances or future developments. While the REIT Manager has no reason to doubt the reasonableness of its assumptions on which the forward-looking

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statements are based, there are known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Spring REIT or the REIT Manager to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information.

Property yield on real estate to be held by Spring REIT is not equivalent to yield on the Units

Generally, property yield depends on net property income and is calculated as the amount of revenue generated by the properties, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties. Distribution yield on the Units, however, depends on the distributions payable on the Units, after taking into account other expenses including (i) taxes, (ii) interest cost for any debt facilities, (iii) REIT management fees and trustee's fees and (iv) other operating costs including administrative fees of Spring REIT and RCA01, as compared with the purchase price of the Units.

The NAV per Unit will be diluted if further issues are priced below the NAV per Unit

The Trust Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The distribution per Unit may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution.

Unitholders' interests will be diluted because all or part of the REIT Manager's compensation may be paid in Units

All or part of the REIT Manager's compensation may be paid in Units in lieu of cash, in which event Unitholders will experience dilution in their holdings of Units. In addition, if at the time of a payment in the form of Units to the REIT Manager, the issue price of the Units is below Spring REIT's NAV, Unitholders will experience further dilution. See the section headed "The REIT Manager — Fees, Costs and Expenses of the REIT Manager" in this Offering Circular.

Certain rights in relation to Units in which a person has an interest or is deemed to have an interest may be suspended under the provisions of the Trust Deed

The Trust Deed contains provisions that require relevant persons to disclose to the REIT Manager information in relation to the acquisition or disposal of interests in the Units. If the REIT Manager believes a person has not complied with such disclosure of interest provisions in the Trust Deed, irrespective of whether such person is a holder of Units, the REIT Manager may, in its absolute discretion, take certain actions in respect of all or a part of the Units in which such person holds or is deemed to hold an interest. Such actions may include suspending the voting rights of such Units, suspending the payment of distributions on such Units, imposing an administrative fee for such non-compliance, suspending the registration and/or declining to register any transfer of such Units.

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The Units may be delisted from the Hong Kong Stock Exchange

The Hong Kong Stock Exchange imposes certain requirements for the continued listing of securities, including the Units, on the Hong Kong Stock Exchange. Investors cannot be assured that Spring REIT will continue to meet the requirements necessary to maintain the listing of Units on the Hong Kong Stock Exchange or that the Hong Kong Stock Exchange will not change the listing requirements. Spring REIT may be terminated if the Units are delisted from the Hong Kong Stock Exchange.

Certain laws, rules and regulations affecting companies listed on the Hong Kong Stock Exchange do not generally apply to REITs listed on the Hong Kong Stock Exchange or to holdings of Units and only limited information may be available in relation to the interests held by significant holders and other connected persons of Spring REIT

Unitholders' rights differ from, and may be less protected in certain respects than, those granted to shareholders of companies listed on the Hong Kong Stock Exchange, as more fully described below.

Although the REIT Code contains provisions which are intended to address certain issues under the listing rules of the Hong Kong Stock Exchange, not all listing rules apply to REITs, including Spring REIT, as such entities are not "listed issuer(s)" within the meaning of those rules. For example, in accordance with the REIT Code, interests in Units held by connected persons of Spring REIT are required to be disclosed in the annual report of Spring REIT. However, as the SFO does not state that the rules on disclosure of interests set out in Part XV of the SFO apply to Units, and the provisions of the Trust Deed requiring Unitholders to disclose their interests in Spring REIT do not have the force of law, this may render it difficult for the REIT Manager to enforce such provisions.

Spring REIT cannot be privatized by way of the scheme of arrangement or compulsory acquisition mechanisms provided under the Companies Ordinance

Spring REIT is not a company and the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) is not applicable to Spring REIT. Therefore, the scheme of arrangement mechanism and the compulsory acquisition mechanism as provided under the Companies Ordinance which may be used to privatize a company listed on the Hong Kong Stock Exchange and to which the Companies Ordinance applies cannot be used to privatize Spring REIT.

Unitholders may be unable to recover in claims brought against the REIT Manager as the REIT Manager is not an entity with significant assets

Unitholders may in the future have claims against the REIT Manager in connection with the carrying on of its duties as manager of Spring REIT (including in relation to the Global Offering and this Offering Circular).

Under the terms of the Trust Deed, the REIT Manager is entitled to be indemnified out of and have recourse to the Deposited Property against any action, cost, claim, expense or demand to which it may be put as the manager of Spring REIT unless occasioned by the fraud, negligence, willful default or breach of the Trust Deed by the REIT Manager. To the extent that a claim is made by Unitholders against the REIT Manager in respect of the fraud, negligence, willful default or breach of the Trust Deed by the REIT Manager, Unitholders may

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be unable to recover significant damages or any damages as the REIT Manager is not an entity with significant assets.

The Trustee may retire or be removed in the future, which may have an adverse effect on the management and operation of Spring REIT

The Trustee may retire or be removed in the future. Although, pursuant to the REIT Code, the Trustee shall not retire except upon the appointment of a new trustee whose appointment has been approved by the SFC and the retirement of the Trustee shall take effect at the same time as the new trustee takes up office, such retirement of the Trustee may incur disruption to the regular management and operation of Spring REIT. For more details on the retirement and removal of the Trustee, please refer to the section headed “The Trust Deed and Related Matters” in this Offering Circular. There is no assurance that the new trustee will be found and appointed in a timely manner or the terms of the new trust deed will be the same or similar to the current Trust Deed.

USE OF PROCEEDS

The REIT Manager estimates that the total proceeds from the Global Offering, comprising the total proceeds to Spring REIT from the offering of New Units and the total proceeds to the Selling Unitholder from the offering of the Sale Units, will be approximately HK\$1,771 million (based on the Maximum Offer Price), and approximately HK\$1,674 million (based on the Minimum Offer Price), assuming the Over-allotment Option is not exercised. The REIT Manager estimates that (i) the total proceeds to Spring REIT from the offering of New Units in the Global Offering will be approximately HK\$395 million (based on the Maximum Offer Price), and approximately HK\$373 million (based on the Minimum Offer Price) and (ii) the total proceeds to the Selling Unitholder from the offering of the Sale Units in the Global Offering will be approximately HK\$1,376 million (based on the Maximum Offer Price), and approximately HK\$1,301 million (based on the Minimum Offer Price), assuming the Over-allotment Option is not exercised.

The following table sets forth the sources of Spring REIT's funds following the completion of the Global Offering and the intended application of those funds.

| | Based on the Minimum Offer Price of HK\$3.81 | Based on the Maximum Offer Price of HK\$4.03 |
|---|---|---|
| | (HK\$ million) | |
| Sources of funds: | | |
| 98,000,000 New Units issued pursuant to the Global Offering | 373 | 395 |
| Uses of funds: | | |
| Repayment of part of the Term Loan Facility | 362 | 383 |
| Underwriting commissions ⁽¹⁾ | 11 | 12 |
| Total | 373 | 395 |

Note:

- (1) All costs and expenses related to the Global Offering, including underwriting commissions payable to the Underwriters (based on the final Global Offering size), legal fees, printing costs, auditors' fees, listing costs, advertisement and marketing related expenses and other administrative expenses, will be paid by RCA Fund. Approximately 22.3% of the total estimated underwriting commission, which represents the approximate portion of New Units to be issued and offered by Spring REIT in the Global Offering, will be reimbursed by Spring REIT to RCA Fund after the Listing. Under the International Underwriting Agreement, as the Over-allotment Option is expected to be granted by RCA Fund to the International Underwriters, the underwriting commission and expenses (including, but not limited to, stamp duty, Hong Kong Stock Exchange trading fee and SFC transaction levy) as a result of the exercise of the Over-allotment Option will be borne by RCA Fund.

OWNERSHIP OF AND INTEREST IN UNITS

OWNERSHIP OF AND INTEREST IN UNITS

So far as the Directors are aware, except for RCA Fund, no person will, upon immediate completion of the Global Offering, hold an interest in 5% or more of the issued Units.

The table below sets out the number and percentage of Units expected to be held or, pursuant to Part XV of the SFO (which, except sections 328 and 351 thereof, will be taken to have effect after the Listing Date, under the terms of the Trust Deed), deemed to be interested in, by RCA Fund and the Public Unitholders upon completion of the Global Offering:

| | Upon completion of the Global Offering assuming no exercise of the Over-allotment Option | | Upon completion of the Global Offering assuming full exercise of the Over-allotment Option | |
|------------------------------------|--|------------------------------|--|------------------------------|
| | No. of Units | % of total Units in issue | No. of Units | % of total Units in issue |
| RCA Fund ⁽¹⁾⁽²⁾ | 658,500,000 | 60.0% | 592,575,000 | 54.0% |
| Public Unitholders | 439,500,000 | 40.0% | 505,425,000 | 46.0% |
| Total | 1,098,000,000 | 100.0% | 1,098,000,000 | 100.0% |

Notes:

- (1) RCAC, in its capacity as general partner of RCA Fund, holds such Units on behalf of RCA Fund. All of the issued shares in RCAC are fully paid and are held by MaplesFS Limited as share trustee under the terms of a declaration of trust dated December 23, 2005.
- (2) RCA Fund intends to make a distribution in cash or a distribution in-specie of Units to its limited partners approximately one month after the completion of the Global Offering. If RCA Fund elects to make a distribution in-specie of Units to its limited partners, some of its limited partners may hold an interest in 5% or more of the issued Units. See the section headed “Information About RCA Fund” in this Offering Circular for further details.

None of the Directors will be interested (for the purposes of the disclosure requirements under the REIT Manager’s Compliance Manual) in the Units immediately upon listing of the Units.

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 Listing Date 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 Listing Date 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 Listing Date will comprise (i) the distribution for the FY2013 Distribution Period, namely, from and including the Listing Date 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 new Units 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 Offering Circular.

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 Offering Circular.

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 Listing Date to December 31, 2013, see the section headed “Financial Information and Forecast — Statement of Distributions” in this Offering Circular.

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 Offering Circular for details.

INVESTMENT 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 investors 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

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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 thoroughway, 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

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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

INVESTMENT HIGHLIGHTS

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 Offering Circular. Currently, the REIT Manager expects to pay an annualized distribution yield of 4.94% based on the Maximum Offer Price and 5.23% based on the Minimum Offer Price, in respect of the period from the Listing Date 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 Offering Circular may prove inaccurate” in this Offering Circular 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

INVESTMENT HIGHLIGHTS

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.

STRATEGY

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

STRATEGY

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;

STRATEGY

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

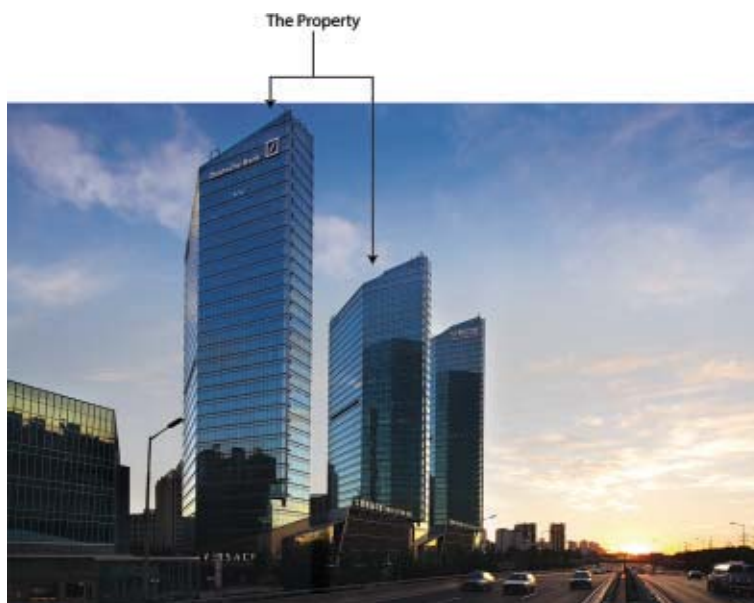
CAPITAL AND RISK MANAGEMENT STRATEGY

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.

THE PROPERTY AND BUSINESS

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.



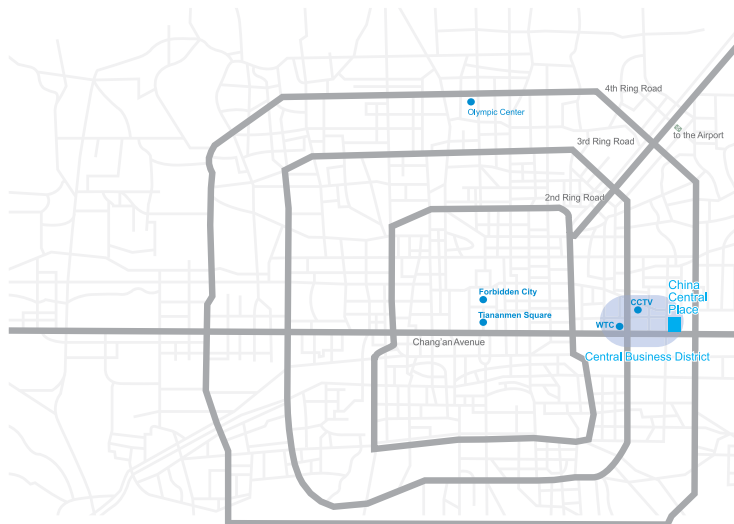
Spring REIT will initially invest in and own the Property through its ownership of RCA01. Spring REIT does not own other parts of China Central Place other than the Property. The Property comprises two Premium Grade office buildings strategically located in the CBD of Beijing. By DTZ's definitions, Premium 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

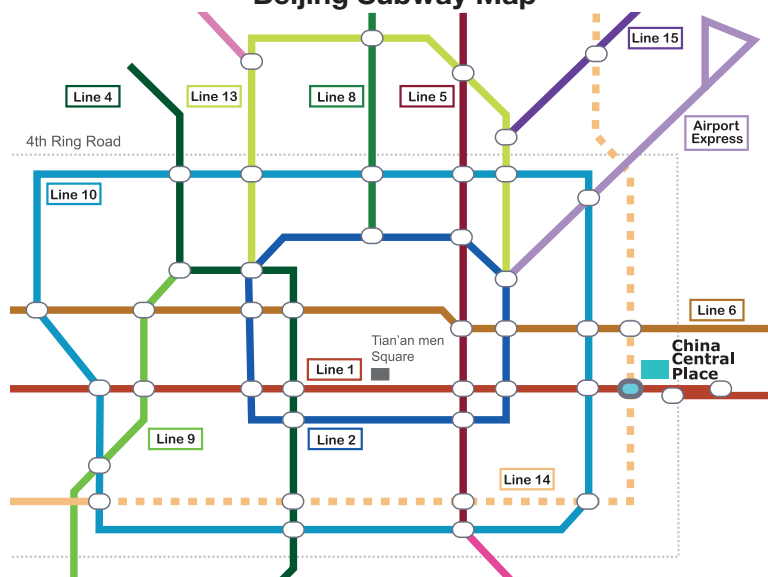
THE PROPERTY AND BUSINESS

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 thoroughway, which runs north-south between mostly residential neighborhoods.

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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%.

THE PROPERTY AND BUSINESS

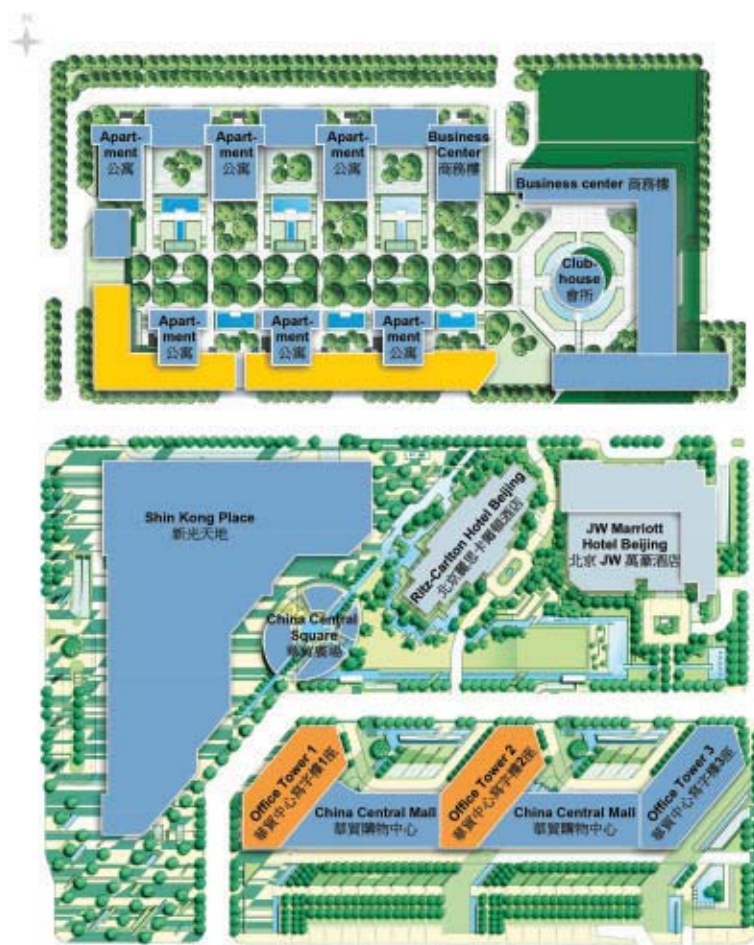
RCA01 acquired the Property from Beijing Guohua, the developer of China Central Place, in 2006. RCA01 holds the Property directly. Since the commencement of operations of the Property in 2007, the Property Manager has been appointed to conduct the day-to-day operation and management of the Property under 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 Offering Circular.

China Central Place



THE PROPERTY AND BUSINESS



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.

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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.

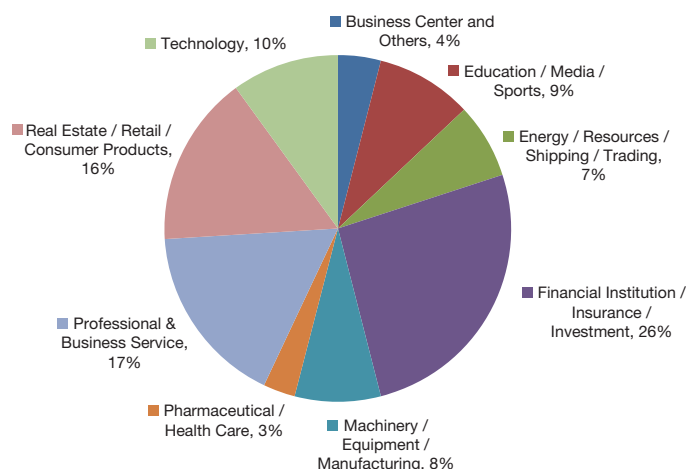
THE PROPERTY

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.

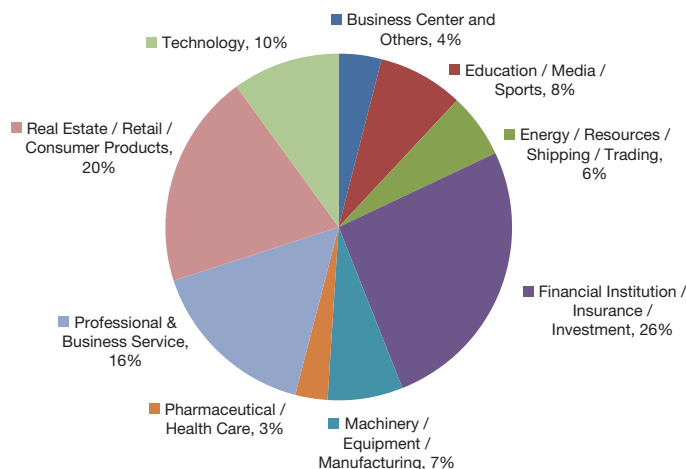
Tenant Mix by Industry (as a percentage of Leased Office GFA)



THE PROPERTY AND BUSINESS

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:

| <u>Tenant</u> | <u>Expiration date(s)</u> | <u>Office GFA</u> <u>(sq.m.)</u> | <u>Percentage of</u> <u>Total Office</u> <u>GFA</u> <u>(%)</u> |
|--|------------------------------|-------------------------------------|---|
| 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 | | <u>25,794</u> | <u>21.5</u> |

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.

Other than Deutsche Bank and Zhong De Securities, which are connected persons of Spring REIT as a result of their relationships with the Trustee, none of the other three largest tenants in terms of Office GFA are connected persons of Spring REIT.

Connected persons of Spring REIT occupied approximately 9.2% (0.6% by the REIT Manager Connected Persons Group and 8.6% by the Trustee Connected Persons) of the Property's Total Office GFA and contributed 9.3% (0.6% by the REIT Manager Connected Persons Group and 8.8% by the Trustee Connected Persons) of total Monthly Rental Revenue for the month ended June 30, 2013.

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

THE PROPERTY AND BUSINESS

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.

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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⁾ |
|------------------------------------|----------------------------------|--|---|
| | <i>(sq.m.)</i> | <i>(%)</i> | <i>(RMB/sq.m.)</i> |
| 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 Offering Circular. 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.

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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.

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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.

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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 Offering Circular 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

SELECTED FINANCIAL INFORMATION

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 Offering Circular. 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 Offering Circular.

The selected historical financial information for RCA01 included below and set forth in Appendix I to this Offering Circular 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 Offering Circular and the historical financial information of RCA01 and related notes thereto set forth in Appendix I to this Offering Circular. 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 Offering Circular.

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 | <u>99,166</u> | <u>183,635</u> | <u>194,378</u> | <u>112,223</u> | <u>52,266</u> |
| 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 | <u>104,693</u> | <u>199,116</u> | <u>196,216</u> | <u>110,359</u> | <u>63,044</u> |

Note:

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

SELECTED FINANCIAL INFORMATION

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 |
| | <u>797,057</u> | <u>998,122</u> | <u>1,186,859</u> | <u>1,255,543</u> |
| 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 |
| | <u>51,279</u> | <u>63,656</u> | <u>79,928</u> | <u>79,284</u> |
| Total assets | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| 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 | <u>362,610</u> | <u>569,442</u> | <u>766,047</u> | <u>803,255</u> |
| 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 | — |
| | <u>19,779</u> | <u>19,993</u> | <u>500,740</u> | <u>31,037</u> |
| Total liabilities | <u>485,726</u> | <u>492,336</u> | <u>500,740</u> | <u>531,572</u> |
| Total equity and liabilities | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| Net current assets / (liabilities) | <u>31,500</u> | <u>43,663</u> | <u>(420,812)</u> | <u>48,247</u> |
| Total assets less current liabilities | <u>828,557</u> | <u>1,041,785</u> | <u>766,047</u> | <u>1,303,790</u> |

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 | <u>5,927</u> | <u>2,099</u> | <u>12,076</u> | <u>7,117</u> | <u>20,675</u> |

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 Offering Circular and the historical financial information of RCA01 and related notes thereto set forth in Appendix I to this Offering Circular. 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 Offering Circular.

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 Listing Date, 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 Offering Circular 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 Offering Circular.

After the Listing Date, there will be certain changes to Spring REIT's cost structure, level of indebtedness and operations. The cost structure of Spring REIT after the Listing Date 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 Offering Circular. For more information, see the section headed "Management's Discussion and Analysis of Future Financial Condition and Results of Operations" in this Offering Circular.

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 Offering Circular.

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

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

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 Offering Circular. 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

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

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 Offering Circular.

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 Offering Circular.

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 |
| | | | | | | | <i>(unaudited)</i> | | | |
| 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.

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

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 Offering Circular. 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 | % of total | US\$'000 | % of total |
| | | | | | | | <i>(unaudited)</i> | | | |
| 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 | <u>(11,691)</u> | <u>100.0</u> | <u>(12,425)</u> | <u>100.0</u> | <u>(13,630)</u> | <u>100.0</u> | <u>(6,468)</u> | <u>100.0</u> | <u>(7,755)</u> | <u>100.0</u> |

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 Listing Date. Before January 2013, the asset management fee was borne by RCA Fund. Upon the Listing of the Units, 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 | US\$'000 |
| | | | | <i>(unaudited)</i> | |
| Asset management fee | — | — | — | — | (1,824) |
| Professional fee | (272) | (303) | (226) | (67) | (213) |
| Total | <u>(272)</u> | <u>(303)</u> | <u>(226)</u> | <u>(67)</u> | <u>(2,037)</u> |

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.

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

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) |
| | <u>(34,498)</u> | <u>(5,977)</u> | <u>(27,575)</u> | <u>(15,846)</u> | <u>(9,394)</u> |

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.

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

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.

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

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.

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

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.

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

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.

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

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.

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

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 Offering Circular.

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;

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

- 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.

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

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

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

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

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

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 |
|------------------------|--------------------|------------------|------------------|------------------|
| | 2010 | 2011 | 2012 | June 30, 2013 |
| | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> |
| Total borrowings | 465,947 | 472,343 | 477,174 | 500,535 |
| Total assets | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| Gearing ratio | <u>54.9%</u> | <u>44.5%</u> | <u>37.7%</u> | <u>37.5%</u> |

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 Offering Circular 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.

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

After the Listing Date, 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 assist investors' 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 Underwriters, the Listing Agent or any other person that the underlying assumptions will materialize. Investors are cautioned not to place undue reliance on these forward-looking statements.

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 Offering Circular 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 Listing Date 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 Offering Circular.

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 Offering Circular. Set forth below are details of the primary income items and other financial statement items of RCA01 that may be affected by the Global Offering 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 Offering Circular 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.

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

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 Offering Circular. 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 Listing Date, 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 Listing Date 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 Offering Circular.

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 Listing Date, 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

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

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 Listing Date, 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 Offering Circular.

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 Offering Circular.

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 IPO.

LIQUIDITY AND CAPITAL RESOURCES

Upon completion of the Global Offering, 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 Offering Circular includes a summary of cost estimates for remedial works as detailed and the ten-year forecasts of maintenance and capital expenditure.

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

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 Global Offering, 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 Offering Circular.

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 Offering Circular.

PROFIT FORECAST

Statements contained in this profit forecast section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. 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 Underwriters, the Listing Agent or any other person involved in the Global Offering with respect to the accuracy of the underlying assumptions used in preparing the profit forecast or that the profit forecast results will be achieved or are likely to be achieved. None of Spring REIT, the REIT Manager, the Trustee, the Underwriters, the Listing Agent or any other person involved in the Global Offering guarantees the performance of Spring REIT or the payment of any (or any particular) return on the Units. Investors are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Offering Circular. See the section headed "Risk Factors — Risks Relating to an Investment in the Units — The forward-looking and certain other information in this Offering Circular may prove inaccurate" in this Offering Circular.

The profit forecast (including the underlying assumptions), for which the REIT Manager is responsible, has been approved by the Board. The profit forecast has been prepared on the bases and assumptions set out below and in accordance with IFRS and is consistent in all material respects with those accounting policies to be adopted by Spring REIT, which are materially similar to those adopted by RCA01 in the Accountant's Report set out in Appendix I to this Offering Circular. The forecast income statement data of Spring REIT on the following pages of this Offering Circular has been prepared on a consolidated basis, reflecting the forecast consolidated income statement of Spring REIT, which comprises Spring REIT and RCA01, for the period from the Listing Date to December 31, 2013 (the "Profit Forecast Period"). The profit forecast assumes that the Listing Date will be December 5, 2013 and will vary if the Listing Date is different.

The audited financial results of RCA01 in this Offering Circular only cover the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. The financial information relating to RCA01 for the period from July 1, 2013 to the Listing Date has not been prepared by the REIT Manager and the financial results of RCA01 for such period have neither been audited nor reviewed. In preparing the profit forecast, the REIT Manager has made certain assumptions with respect to the operations of Spring REIT as set out below. To the extent that the REIT Manager has not identified events that have occurred or may occur in respect of RCA01 during the period from July 1, 2013 to the Listing Date, the impact of such events on the future results of Spring REIT has not been taken into account in the profit forecast.

Investors should note that for reasons stated herein, in arriving at the consolidated forecast results of Spring REIT, it has been assumed that there will be no change in the price of the Units during the Profit Forecast Period. Should the market value of the Property as of December 31, 2013 drop below or increase above the Appraised Value of the Property as of June 30, 2013, the deficit or surplus, together with any associated deferred taxation, would be charged to the income statement. However, such deficit or surplus (after taking into account any associated deferred taxation), which is non-cash in nature, would not reduce or increase the Annual Distributable Income for the Profit Forecast Period. Investors should also note that the format and individual line items in Spring REIT's future financial reports and statements may differ from those used for the purposes of the profit forecast and such line items should not be viewed as individual

PROFIT FORECAST

forecasts but form part of the bases and assumptions used in arriving at the distributable income for the Profit Forecast Period. The profit forecast should be read together with the letters set out in Appendix III headed “Letters in Relation to the Profit Forecast” and Appendix IV headed “Independent Property Valuer’s Valuation Report” to this Offering Circular and the principal bases and assumptions set out below.

The profit forecast and calculations made in preparing the profit forecast have been reviewed by PricewaterhouseCoopers and the Listing Agent. Please refer to Appendix III for the letters from PricewaterhouseCoopers and the Listing Agent on the accounting policies adopted and the calculations made in arriving at the profit forecast. The REIT Manager and the Listing Agent consider the assumptions made in arriving at the profit forecast to be reasonable.

Spring REIT will incur expenses at the trust level (such as the REIT Manager’s fees, the Trustee’s fees and annual listing fees), which expenses were not incurred before the Listing Date (see the section headed “Management’s Discussion and Analysis of Future Financial Condition and Results of Operations” in this Offering Circular).

Having regard to the various factors noted above, investors should exercise caution when relying on the profit forecast generally and, in particular, (a) investors should exercise the highest caution in making any comparison, whether as to individual line items or overall financial performance, as between Spring REIT’s forecast income statement set forth below and any historical financial results of RCA01 and (b) investors should not treat any individual line item in Spring REIT’s forecast income statement as a forecast in its own right.

PROFIT FORECAST

PROFIT FORECAST FOR THE PROFIT FORECAST PERIOD

The following table sets forth Spring REIT's forecast consolidated profit and loss data and distribution for the Profit Forecast Period.

| | For the Profit Forecast Period |
|--|---|
| | US\$'000 |
| Revenue | |
| Rental income | 5,103 |
| Car park income | 40 |
| Other income | 0 |
| | <u>5,143</u> |
| Operating expenses | |
| Property management fee | (103) |
| Property taxes | (284) |
| Business tax and other taxes | (301) |
| Withholding tax | (514) |
| Insurance | (13) |
| Leasing commissions | (71) |
| Others | 0 |
| | <u>(1,286)</u> |
| General and administrative expenses | |
| Asset management fee | 0 |
| Professional fee | (45) |
| | <u>(45)</u> |
| Trust and IPO-related expenses | |
| REIT Manager's fee | (419) |
| Trustee fees and other trust expenses | (201) |
| | <u>(620)</u> |
| Increase in fair value of investment property⁽¹⁾ | 0 |
| Other losses, net | (59) |
| | <u>3,133</u> |
| Operating profit | 3,133 |
| Finance income | 22 |
| Finance costs | (1,958) |
| | <u>1,197</u> |
| Profit for the period | 1,197 |
| Distribution data: | |
| Profit for the period | 1,197 |
| Adjustments ⁽²⁾ | 891 |
| Distributable income for the Profit Forecast Period | <u>2,088</u> |

PROFIT FORECAST

| | For the Profit Forecast Period | |
|---|--------------------------------|---------------------|
| | Minimum Offer Price | Maximum Offer Price |
| Offer price (HK\$) | 3.81 | 4.03 |
| Assumed number of Units outstanding as of December 31, 2013 for the Profit Forecast Period (in millions) ⁽³⁾ | 1,099 | 1,099 |
| Forecast distribution per Unit ("DPU") (HK\$) | 0.015 | 0.015 |
| Annualized DPU (HK\$) | 0.199 | 0.199 |
| Forecast annualized distribution yield ⁽⁴⁾ | 5.23% | 4.94% |

Notes:

- (1) The forecast valuation of the investment property held by the Spring REIT (being the Property) as of the Listing Date and December 31, 2013 is based on the Appraised Value of the Property by the Independent Property Valuer as of August 31, 2013. The REIT Manager forecasts that there will be no material change in the fair value of investment property in the Profit Forecast Period.
- (2) Adjustments are made to add back (i) US\$59,000 in respect of the losses in fair value of derivative financial instruments, (ii) US\$335,000 in respect of the portion of the REIT Manager's fee to be paid in the form of Units, and (iii) US\$497,000 in respect of the non-cash loan arrangement fees amortized under finance costs.
- (3) For the purpose of calculating the DPU of the Units held by Unitholders as of December 31, 2013 for the FY2013 Distribution Period set forth in the table above, it is assumed the number of Units issued and outstanding remains unchanged, and includes the estimated number of Units to be issued as the REIT Manager's fee of approximately 644,000 Units based on the Maximum Offer Price and approximately 681,000 Units based on the Minimum Offer Price for the Profit Forecast Period.
- (4) The annualized forecast distribution yields are provided for illustrative purposes only. The annualized actual distribution yield may differ from the annualized forecast distribution yields based on the forecast DPU for the Profit Forecast Period. The annualized forecast distribution yields have been calculated with reference to the Minimum Offer Price and Maximum Offer Price only. Such yields will vary for investors who purchase Units in the secondary market at a market price that differs from the Minimum Offer Price and the Maximum Offer Price or for investors who do not hold Units for the entire Profit Forecast Period.

No forecast of profits or DPU whatsoever is made in respect of any period ending after the Profit Forecast Period. None of Spring REIT, the REIT Manager, the Trustee, the Underwriters, the Listing Agent or any other person involved in the Global Offering guarantees the performance of Spring REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units.

The profit forecast and forecast annualized distribution yields stated in the table above are calculated based on the Maximum Offer Price and the Minimum Offer Price. Such distribution yields will vary for investors who purchase Units in the secondary market at a market price that differs from the Maximum Offer Price and the Minimum Offer Price or for investors who do not hold Units for the entire Profit Forecast Period.

The actual performance of Spring REIT for the Profit Forecast Period together with the profit forecast will be presented in Spring REIT's next annual report for comparison.

BASES AND ASSUMPTIONS

The REIT Manager has prepared the profit forecast for the Profit Forecast Period based on the assumptions listed below. The REIT Manager considers these assumptions to be appropriate and reasonable as of the date of this Offering Circular. However, recipients of this Offering Circular and all prospective investors in the Units should consider the profit forecast in the light of such assumptions and make their own assessment of the future performance of Spring REIT.

PROFIT FORECAST

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 Listing Date 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:

| <u>Categories of tenants</u> | <u>Percentage of rental income for the Profit Forecast Period</u> |
|--|---|
| 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 Offering Circular | 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.

PROFIT FORECAST

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 |
|------------------------------------|------------------------------------|------------------------------------|--------------------------------------|------------------------------|
| | <i>RMB</i> | <i>RMB</i> | <i>RMB</i> | <i>RMB</i> |
| 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 Listing Date 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 Listing Date 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 Listing Date 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 Listing Date to December 31, 2013).

PROFIT FORECAST

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 Listing Date 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 listing, 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 IPO-RELATED 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.

PROFIT FORECAST

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, listing fees, register fees, annual report 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 Listing Date 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 Offering Circular.

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 Listing Date to December 31, 2013).

PROFIT FORECAST

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 Listing Date 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 Offering Circular.

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;

PROFIT FORECAST

- 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 the Listing;
- it is currently assumed that the structure of the Global Offering will comprise: (i) the sale of Sale Units by the Selling Unitholder and (ii) the sale of New Units to be issued by Spring REIT. The net proceeds to be raised by Spring REIT from the sale of New Units in the Global Offering are intended to be used for the partial early repayment of the Term Loan Facility;
- all costs and expenses of the Global Offering in connection with the listing of the Spring REIT are to be paid by RCA Fund. Approximately 22.3% of the total estimated underwriting commission, which represents the approximate size of the primary portion of the Global Offering, will be reimbursed by Spring REIT to RCA Fund;
- 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 Offering Circular;
- 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;

PROFIT FORECAST

- 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 Offering Circular 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 Offering Circular. Prospective investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this Offering Circular 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 Offering Circular 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.

PROFIT FORECAST

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 Underwriters, the Listing Agent, any of their respective directors, agents, employees or advisors or any other persons involved in the Global Offering 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 Listing Date to December 31, 2013

Unitholders will be paid, in the absence of unforeseen circumstances, a forecast DPU of HK\$0.015 in respect of the period from the Listing Date to December 31, 2013, representing an annualized distribution yield of 4.94% based on the Maximum Offer Price (excluding other transaction costs) and 5.23% based on the Minimum Offer Price (excluding other transaction costs) assuming no new Units will be issued during such period and which is not restricted from being paid out of the capital of Spring REIT in the event this exceeds the distributable income for the period. The annualized forecast distribution yields are provided for illustrative purposes only. The annualized actual distribution yield may differ from the annualized forecast distribution yields based on the forecast DPU for the period from the Listing Date to December 31, 2013.

Bases and Assumptions

The above forecast distribution yields are calculated based on the Maximum Offer Price and Minimum Offer Price (excluding other transaction costs). The distribution yield obtained by investors who purchase Units in the secondary market at a market price that differs from the Maximum Offer Price or Minimum Offer Price (excluding other transaction costs), calculated using such secondary market purchase price, will accordingly differ from the distribution yields stated above. It is also assumed that the anticipated Listing Date is December 5, 2013 and the distributions and the distribution yield will vary if the actual Listing Date is different.

UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION

The unaudited pro forma statements of financial position have been prepared based on the audited statement of financial position of RCA01 as at June 30, 2013 as set out in Appendix I to this Offering Circular, and to show the effect of (i) the acquisition of the entire equity interest in RCA01 by Spring REIT, (ii) the issuance of the New Units pursuant to the Global Offering, and (iii) the repayment of US\$49,431,000 and US\$46,733,000 of the Term Loan Facility as if they had taken place on June 30, 2013 based on the Maximum Offer Price and Minimum Offer Price, respectively.

For further details, including unaudited pro forma statements of financial position of Spring REIT as of June 30, 2013 based on the Maximum Offer Price and the Minimum Offer Price (for illustrative purposes only), please refer to Appendix II to this Offering Circular.

INDUSTRY OVERVIEW

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 Listing Agent or any other party involved in the Global Offering (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 |

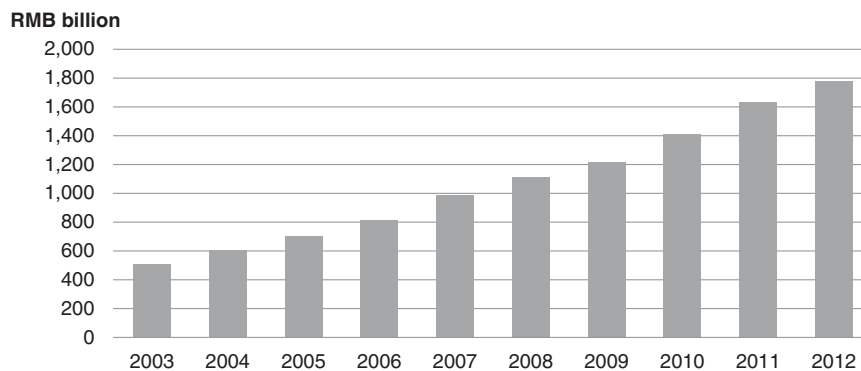
Source: National Bureau of Statistics of China

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.

INDUSTRY OVERVIEW

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.

INDUSTRY OVERVIEW

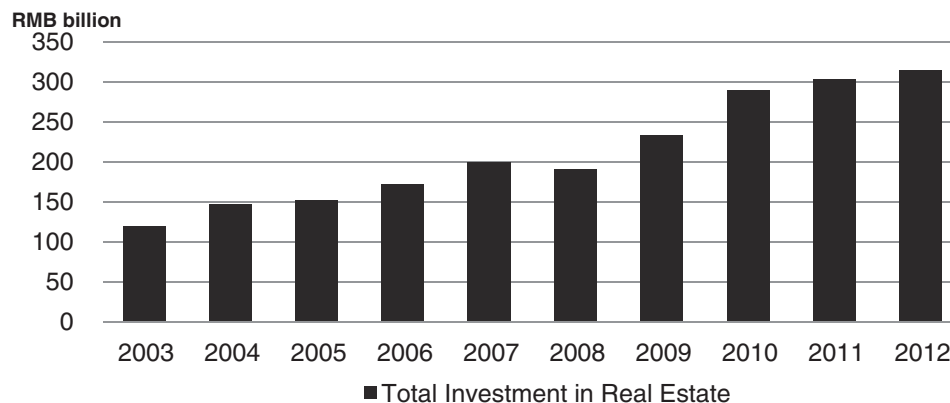
Beijing Capital International Airport is the largest and busiest international aviation hub in China. It has three terminals and its annual passenger throughput reached 75.4 million by the end of November 2012, which was ranked second highest in the world, according to Airports Council International. 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

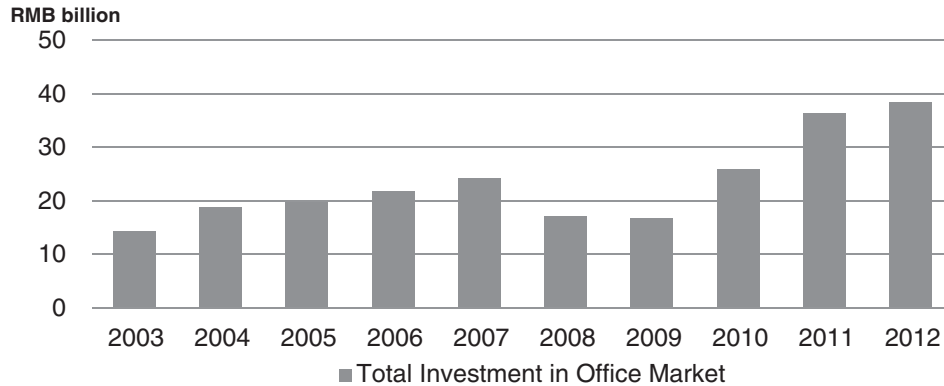
An increase in disposable income per capita, high growth in urbanization rates and rapid infrastructure development in Beijing have facilitated the growth of Beijing's real estate market. From 2003 to 2012, real estate development investment in Beijing increased from approximately RMB120.3 billion in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



INDUSTRY OVERVIEW



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



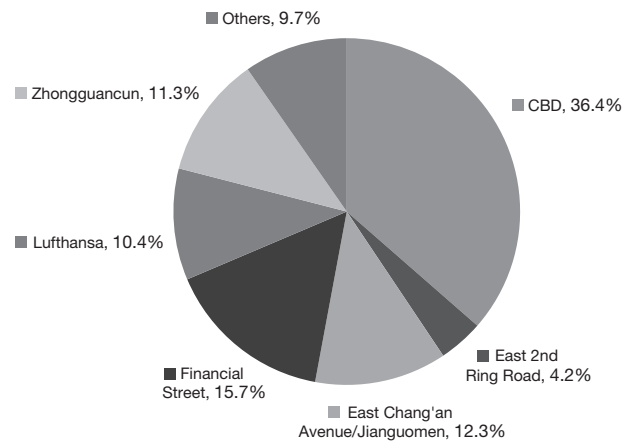
Data Source: DTZ Consulting, March 2013

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.

INDUSTRY OVERVIEW

Supply, Demand and Rent

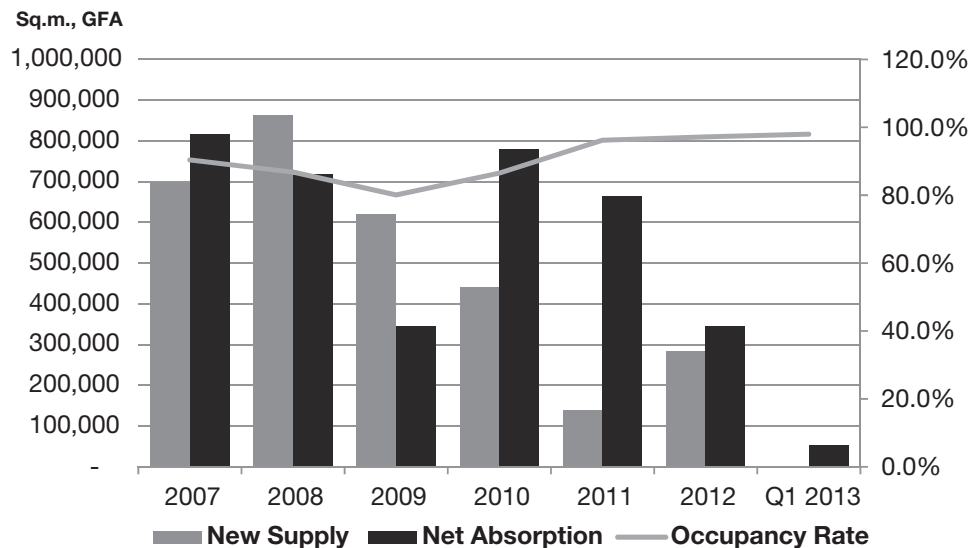
Grade A Office Stock by Major Business Districts in Beijing



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

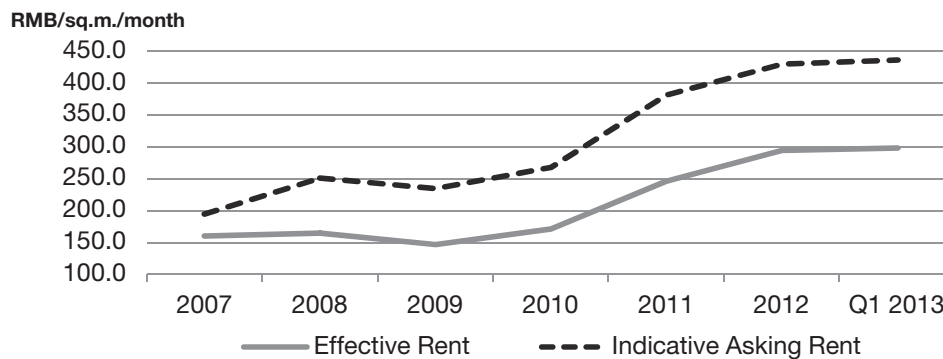
A large supply of new Grade A office buildings emerged in the Beijing market in 2007 and 2008, with an average annual supply of approximately 780,000 sq.m. The large supply was supported by a strong demand from multi-national corporations and domestic companies for good quality office buildings. However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

INDUSTRY OVERVIEW

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.

INDUSTRY OVERVIEW

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.

INDUSTRY OVERVIEW

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



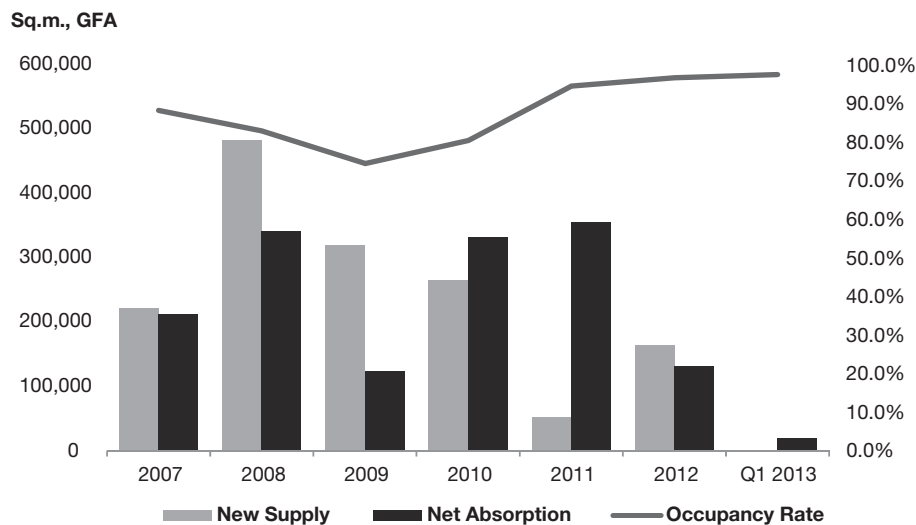
Data Source: DTZ Consulting

INDUSTRY OVERVIEW

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

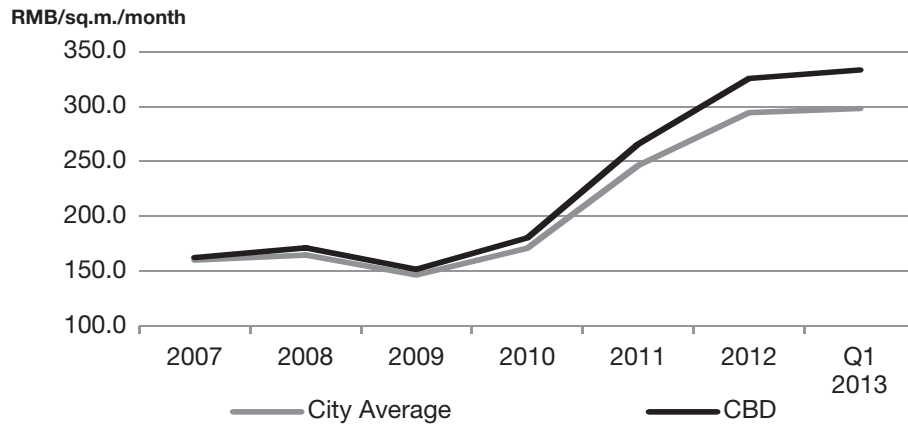
Total net absorption from 2007 to the first quarter of 2013 was 1,514,686 sq.m., which exceeded the total new supply in the same period of 1,505,442 sq.m., reflecting a healthy demand and supply situation. After years of development, the CBD has become one of the most popular business districts in Beijing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

INDUSTRY OVERVIEW

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.

INDUSTRY OVERVIEW

Rental Forecast of Grade A Office Buildings in the CBD Submarket

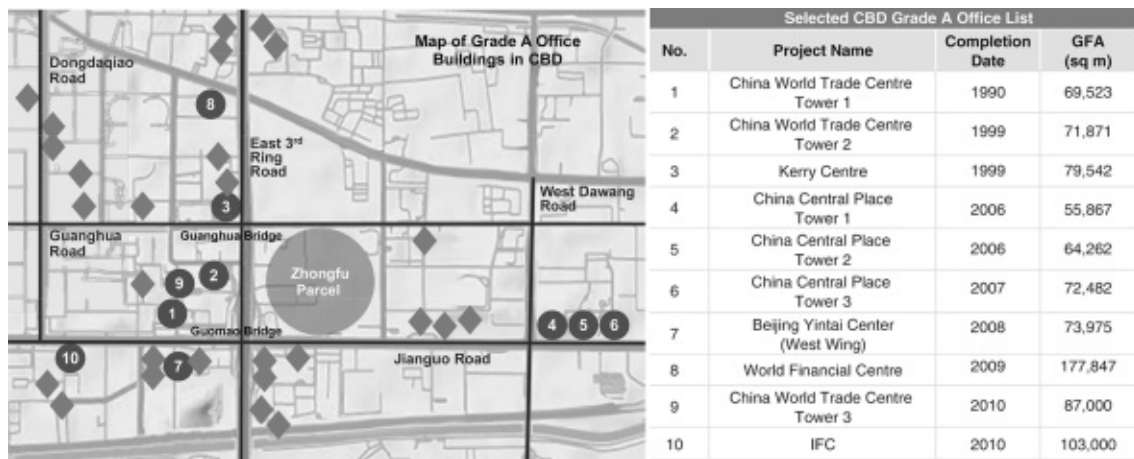
| | 2013F | 2014F | 2015F | 2016F |
|---|-------|-------|-------|-------|
| Effective Rent (RMB/sq.m./month) | 341.8 | 372.5 | 391.2 | 410.7 |
| Indicative Transacted Rent (RMB/sq.m./month) | 372.5 | 406.1 | 426.4 | 447.7 |
| Annual Growth Rate (%) | 5.0 | 9.0 | 5.0 | 5.0 |

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



Data Source: DTZ Consulting, March 2013

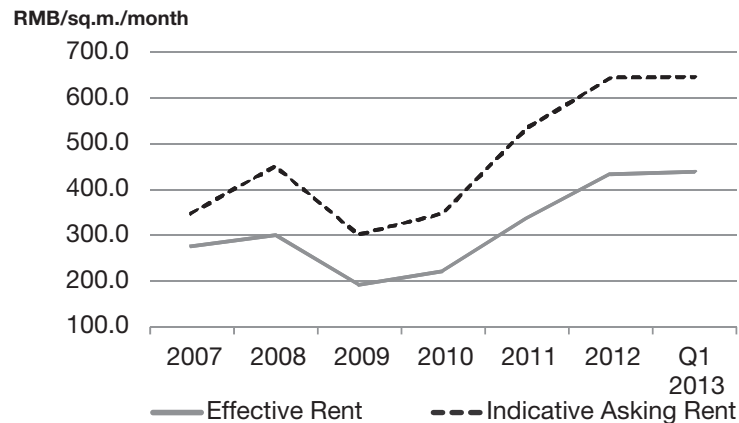
Notes:

- (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.

INDUSTRY OVERVIEW

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

| | <u>2013F</u> | <u>2014F</u> | <u>2015F</u> | <u>2016F</u> |
|---|--------------|--------------|--------------|--------------|
| 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

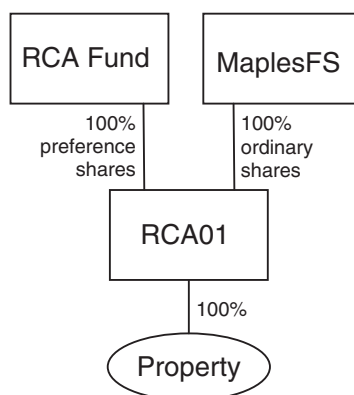
REORGANIZATION, STRUCTURE AND ORGANIZATION OF SPRING REIT

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:

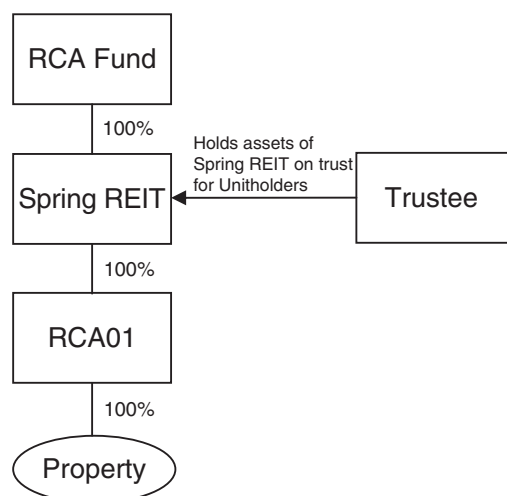


In preparation for the Global Offering, the following reorganization steps have been or will be implemented prior to the Listing Date:

- (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 Offering Circular for further details of the Reorganization Agreement.

REORGANIZATION, STRUCTURE AND ORGANIZATION OF SPRING REIT

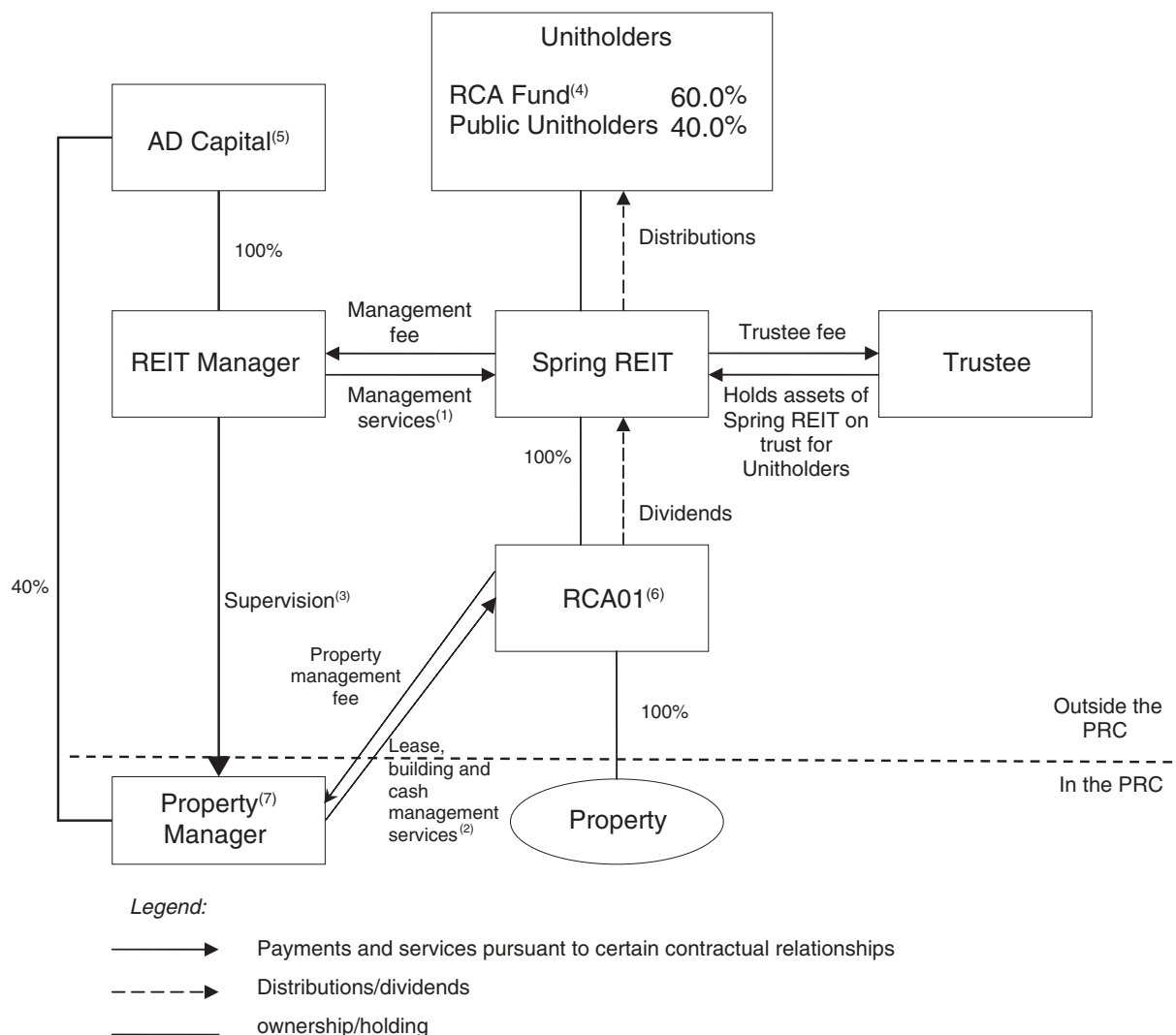
The chart below illustrates the holding structure of the Property immediately after the Completion but prior to the Listing Date:



REORGANIZATION, STRUCTURE AND ORGANIZATION OF SPRING REIT

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 the Global Offering (before any exercise of the Over-allotment Option).



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 Offering Circular 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 Offering Circular 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 Offering Circular 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.

REORGANIZATION, STRUCTURE AND ORGANIZATION OF SPRING REIT

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 Offering Circular.

- (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 Offering Circular.

THE REIT MANAGER

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 Offering Circular. 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 Offering Circular.

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 Offering Circular.

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.

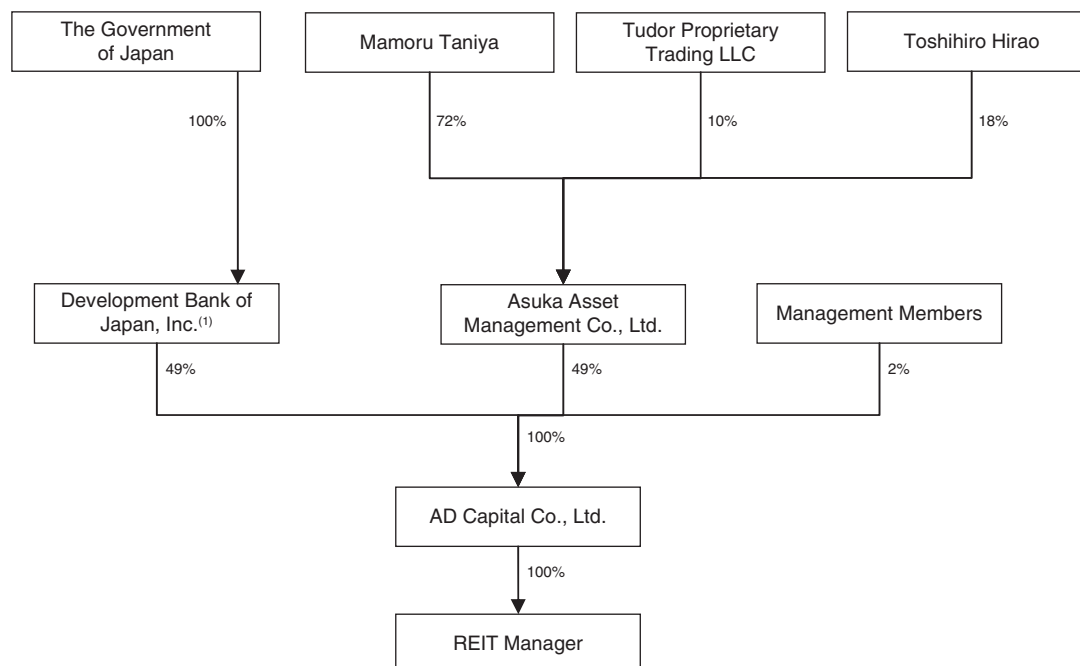
Asuka is one of the major alternative asset management firms in Japan. As of the Latest Practicable Date, Asuka was owned by Mr. Mamoru Taniya, Tudor Proprietary Trading LLC and Toshihiro Hirao as to 72%, 10% and 18%, respectively. Mr. Mamoru Taniya is one of the founding partners, the chairman and the 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.

THE REIT MANAGER

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 Offering Circular 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.

THE REIT MANAGER

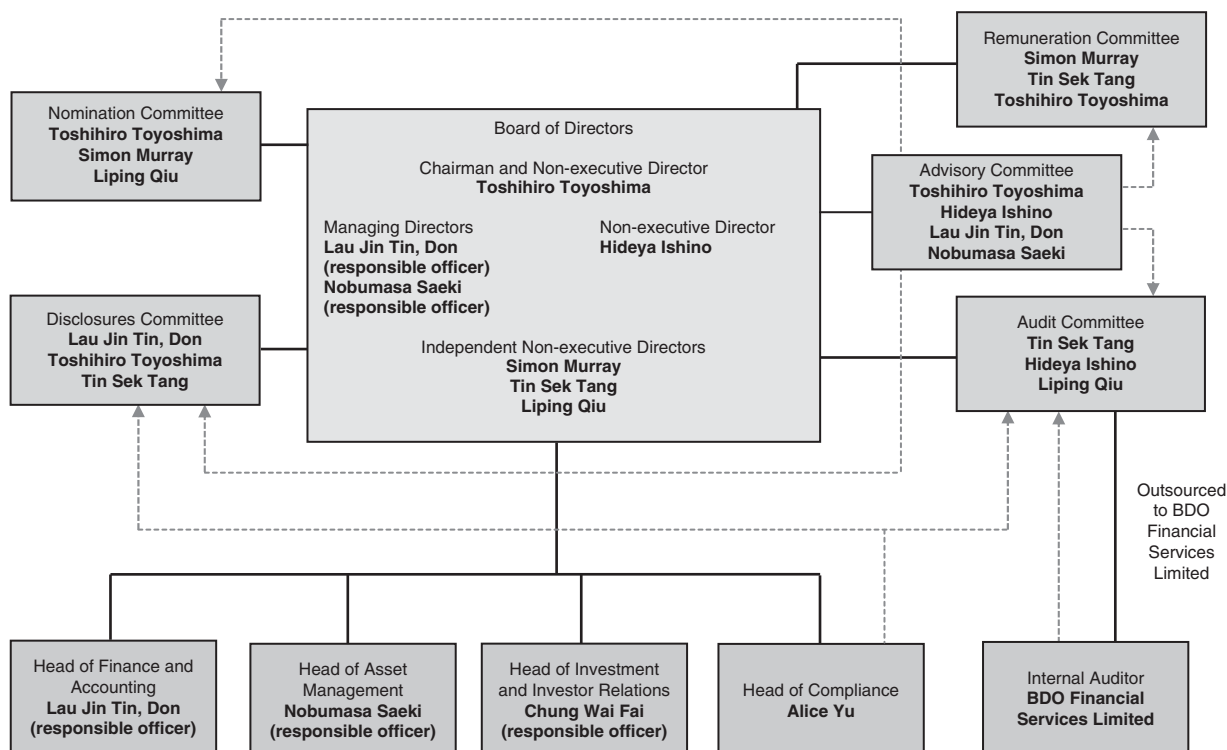
Notwithstanding the REIT Manager's delegation of certain property management functions to the Property Manager and Building Manager, the REIT Manager is responsible for the management of Spring REIT, including its initial asset, the Property and any acts and omissions in respect of the property management 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 Offering Circular 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 Listing Rules, 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.

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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 Offering Circular.

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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:

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|-------------------------------|------------|-------------------------------------|
| 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

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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:

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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.

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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.

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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.

Investors should 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 Offering Circular).

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 Listing Rules, the rules and regulations of the Hong Kong Stock Exchange (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)

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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 Offering Circular.

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.

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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 Offering Circular.

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 Listing Date, 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

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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 quarter, 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 Listing Date, 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

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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.

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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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange 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

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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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange 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 Offering Circular.

THE REIT MANAGER

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 Hong Kong Stock Exchange; 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

THE REIT MANAGER

period as the Trustee considers appropriate. Please refer to the section headed “The Trust Deed — Termination of Spring REIT” in this Offering Circular 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 AND THE BUILDING MANAGER

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.

THE PROPERTY MANAGER AND THE BUILDING MANAGER

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

THE PROPERTY MANAGER AND THE BUILDING MANAGER

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.

INFORMATION ABOUT RCA FUND

Immediately after the completion of the Global Offering, RCA Fund will hold approximately 60.0% of Spring REIT (or 54.0% if the Over-allotment Option is exercised in full). 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 Global Offering, 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 Listing Date. For details of this lock-up, please refer to the section “Underwriting — Undertakings — Controlling Unitholder” in this Offering Circular.

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 Global Offering, 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 Part XV of the SFO, the limited partners of RCA Fund (in their capacity as Unitholders) will have a notifiable interest if their holdings of Units reach or exceed the “notifiable percentage level” (as defined in the SFO for the purposes of Part XV of the SFO, and which is 5.0% as of the date of this Offering Circular) of the Units then in issue, and will be required to notify the Hong Kong Stock Exchange 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.

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 corporate governance policies of Spring REIT have been adopted having due regard to the requirements under Appendix 14 of the Listing Rules, 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 the SFC under section 104 of the SFO and regulated by certain laws, regulations and documents including the provisions of the REIT Code. The SFC does not take any responsibility for the financial soundness of Spring REIT, or the correctness of any statements made or opinions expressed in this document and/or other documents relating to Spring REIT. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The REIT Manager has been authorized by the SFC under section 116 of the SFO 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 section 125 of the SFO 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 section 125 of the SFO. The Managing Director, Mr. Lau Jin Tin, Don, was approved by the SFC as an approved person of the REIT Manager pursuant to sections 104(2) and 105(2) of the SFO.

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 the SFO 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

CORPORATE GOVERNANCE

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 Offering Circular.

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.

CORPORATE GOVERNANCE

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 have 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 Offering Circular, 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 dealings 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 connected party transactions and related party 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-

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executive Director. As of the date of this Offering Circular, 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 Offering Circular, 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.

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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 Offering Circular, 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 Offering Circular, 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

CORPORATE GOVERNANCE

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 Offering Circular.

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.

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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 new Units where a Unitholder may increase its holdings of Units by more than its pro rata share. After the Listing Date, where required under the REIT Code, the Takeovers Code or the applicable provisions of the Listing Rules, the REIT Manager and its connected persons shall abstain from voting in relation to the relevant issuance of new Units. 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

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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.

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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 Global Offering 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 and the provisions of Part XIVA of the SFO shall have effect, *mutatis mutandis*, as if Spring REIT is a "listed corporation" and if the board of directors of the REIT Manager are the board of directors of a "listed corporation".

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 a false market in the Units;
- might be reasonably expected to materially affect market activity in and the price of the Units; 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.

ISSUES OF FURTHER UNITS POST-LISTING

To minimize the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code, the Trust Deed and any other applicable laws and regulations. The REIT Code provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued (a) free of such pre-emption rights up to an aggregate maximum in any financial year of 20% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC) of the number of Units outstanding at the end of the previous financial year; and (b) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an Ordinary Resolution is obtained.

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Except pursuant to the issue of Units under the Global Offering, 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 New Units to Connected Persons” in this Offering Circular, 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 “Underwriting—Underwriting Arrangements and Expenses—Undertakings” in this Offering Circular.

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 “Underwriting” in this Offering Circular.

INTERESTS OF, AND DEALINGS IN UNITS BY, DIRECTORS, THE REIT MANAGER OR THE SIGNIFICANT UNITHOLDERS

To monitor and supervise any dealings of Units, the REIT Manager has adopted a code containing rules on dealings by the Directors and the REIT Manager equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “Model Code”). Pursuant to this code, all Directors, senior executives, officers and other employees of the REIT Manager, subsidiaries of the REIT Manager or the Special Purpose Vehicles who, because of his/her office or employment in the REIT Manager, the relevant subsidiaries of the REIT Manager or the relevant Special Purpose Vehicles, is likely to be in possession of unpublished price sensitive information in relation to the securities of Spring REIT (“Management Persons”) wishing to deal in the Units, must first have regard to the provisions as if they applied to the Units set out in Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct as if those provisions applied to the securities of Spring REIT. In addition, a Director or the REIT Manager must not make any unauthorized disclosure of confidential information obtained in the course of his or its service to any other person or make any use of such information for the advantage of himself or itself or others.

Management Persons who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Listing Rules as if applicable to Spring REIT or any connected party transaction under the REIT code or any inside information must refrain from dealing in the Units as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the REIT Code and any applicable rules and regulations. Management Persons who are privy to relevant negotiations or agreements or any inside information should caution those Management Persons who are not so privy that there may be unpublished inside information and that they must not deal in Units for a similar period.

Similarly, where a Management Person is in possession of any unpublished inside information, it must refrain from dealing in the Units as soon as it becomes aware of, or privy to, such information until proper disclosure of the information in accordance with the REIT Code and any applicable rules and regulations.

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During the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the result; and during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, no Management Person may deal in any Units unless the circumstances are exceptional, for example, the exceptional circumstances as described in Rule C14 of the Model Code. In any event, in the case of dealings by a Management Person, the Management Person must comply with the procedure set out in the code containing rules on dealings in Units by Management Persons adopted by the REIT Manager.

The REIT Manager has also adopted procedures for the monitoring of disclosure of interests by Directors, the chief executive of the REIT Manager and the REIT Manager. The provisions of Part XV of the SFO shall be deemed to apply to the REIT Manager, the Directors and the chief executive of the REIT Manager and each Unitholder and all persons claiming through or under them. Under the Trust Deed and by virtue of the deemed application of Part XV of the SFO, Unitholders will have a notifiable interest if their holdings of Units reach or exceed the “notifiable percentage level” (as defined in the SFO for the purposes of Part XV of the SFO, and which is 5.0% as of the date of this Offering Circular) of the Units then in issue, and will be required to notify the Hong Kong Stock Exchange and the REIT Manager of their holdings in Spring REIT. The REIT Manager will promptly send a copy of any notification received by it to the Trustee. The REIT Manager shall keep a register for these purposes and it shall record in the register, against a person’s name, the particulars provided pursuant to the notification and the date of entry of such record. This register shall be available for inspection by the Trustee and any Unitholder at any time during business hours upon the request of the Trustee. For further details of the Trust Deed, see the section headed “The Trust Deed and Related Matters” in this Offering Circular.

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

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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 AND RELATED MATTERS

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 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 Listing Date, and for as long as the Units are Listed, 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. Following the Listing, Spring REIT will be regulated by the Applicable Rules.

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 Offering Circular. 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

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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 Units will be listed and quoted in Hong Kong Dollars. 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 Listing Date for the purpose of the Global Offering shall be at an issue price determined on the basis disclosed in this Offering Circular.

After the Listing Date, new Units 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 new Units to a connected person and the REIT Code, after the Listing Date, 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 new Units issued, or agreed (conditionally or unconditionally) to be issued, in that financial year pursuant to this paragraph, without taking into account:
 - (i) any new Units 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 new Units are covered by the aggregate number of new Units contemplated under paragraph (b) below at the Relevant Date applicable to the relevant convertible instruments;
 - (ii) such number of new Units 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 new Units issued in that financial year pursuant to any agreement for the issuance of Units, to the extent that such new Units 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 new Units 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;

THE TRUST DEED AND RELATED MATTERS

- (v) any new Units 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 new Units 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 new Units 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 new Units 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 new Units 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 Listing Date) 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, new Units 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

THE TRUST DEED AND RELATED MATTERS

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 Offering Circular;

- (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 new Units 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 Listing Rules 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 Listing Rules 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.

THE TRUST DEED AND RELATED MATTERS

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.

PUBLIC FLOAT REQUIREMENT

The REIT Manager shall use best efforts to ensure that a minimum of 25% (or any other percentage as may be specified or permitted by the SFC from time to time) (the “**Public Float Percentage**”) of the outstanding Units are held in public hands at all times. In the event that the REIT Manager becomes aware that the percentage of the outstanding Units in the public hands has fallen below the Public Float Percentage, the REIT Manager shall use its best efforts to restore the percentage of Units held in public hands to at least the Public Float Percentage of the outstanding Units. The REIT Manager shall adopt proper internal procedures for monitoring the public float and shall notify the Trustee and the SFC promptly and issue an announcement if such percentage falls below the Public Float Percentage.

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

THE TRUST DEED AND RELATED MATTERS

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 Listing Rules (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

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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

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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 new Units 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

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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.

HKSCC Nominees Limited (or any successor thereto) may appoint more than one proxy or corporate representative to attend and vote at Unitholders' meetings as if they were individual Unitholders and such representatives shall not be required to produce any documents of title or notarized authorization in respect of such appointment. Where a Unitholder is a recognized clearing house (within the meaning of the SFO) or its nominee(s), it may authorize such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any Unitholders' meeting or any class of Unitholders provided that, if more than one person is so authorized, the authorization or proxy form must specify the number and class of Units in respect of which each such person is so authorized. The person so authorized will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise 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 Listing Date 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 Offering Circular, 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;

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- (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.

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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);

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- (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

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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:

$$\text{Adjustment} = (\text{RPF}\% \times \text{DP}) - \text{SQF}$$

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 Listing, 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.

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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

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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

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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 new Units 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.

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DEEMED APPLICATION OF PART XV OF THE SFO

The provisions of Part XV of the SFO (other than sections 328 and 351), and all relevant guidelines and interpretation notes on Part XV of the SFO issued by the SFC from time to time, shall have effect, *mutatis mutandis*, and, which requires shareholders of Hong Kong listed corporations to notify the Hong Kong Stock Exchange and the listed corporation if their shareholding interests reach or exceed a certain percentage (which is 5% as of the date of this Offering Circular), have been incorporated into the Trust Deed, *mutatis mutandis*, and have been made binding on the Directors, the chief executive of the REIT Manager, the REIT Manager and on each Unitholder and all persons claiming through or under him as if:

- (a) Spring REIT is a “listed corporation” for the purposes of Part XV of the SFO;
- (b) the “relevant share capital” of such listed corporation are references to: (i) the Units which are issued and outstanding from time to time; and (ii) the Units which the REIT Manager has agreed to issue, either conditionally or unconditionally, from time to time;
- (c) a Unit is a share comprised in the relevant share capital of such listed corporation and the Unitholder is a holder of a share in the relevant share capital of such listed corporation;
- (d) a person who is interested in a Unit is interested in a share in the relevant share capital of such listed corporation;
- (e) the REIT Manager itself is a director of such listed corporation;
- (f) the directors and chief executive of the REIT Manager are the directors and chief executive respectively of such listed corporation;
- (g) “percentage level”, in relation to a notifiable interest, means the percentage figure found by expressing the aggregate number of Units in which the person is interested immediately before or (as the case may be) immediately after the relevant time as a percentage of all the Units in issue at the relevant time as published by the REIT Manager and rounding that figure down (if it is not a whole number) to the next whole number;
- (h) “percentage level”, in relation to a short position, means the percentage figure found by expressing the aggregate number of Units in which the person has a short position immediately before or (as the case may be) immediately after the relevant time as a percentage of all the Units in issue at the relevant time as published by the REIT Manager and rounding that figure down (if it is not a whole number) to the next whole number; and
- (i) in addition and without prejudice to any notification required to be given to the Hong Kong Stock Exchange by virtue of the deemed application of Part XV of the SFO, any notification with respect to interests in Units required to be given to the listed corporation by the operation of the relevant provisions in the Trust Deed shall be given by the relevant parties to the REIT Manager and the REIT Manager shall send copies of the notifications received by it to the Trustee promptly.

THE TRUST DEED AND RELATED MATTERS

Specifically, the Trust Deed provides that, subject to certain modifications set out in the Trust Deed:

- (a) the duty of disclosure under Divisions 2 to 4 of Part XV of the SFO (other than section 328 of the SFO) shall arise in respect of a person who: (i) is interested in Units, or who acquires an interest in or who ceases to be interested in Units; or (ii) has a short position in Units, or who comes to have or ceases to have a short position in Units. Accordingly, a duty of disclosure shall arise under the Trust Deed in relation to that person on the occurrence of the relevant events described in section 310 of the SFO in the circumstances specified in section 313 of the SFO; and
- (b) the duty of disclosure under Divisions 7 to 9 of Part XV of the SFO (other than section 351 of the SFO) shall arise in respect of the REIT Manager and each director or chief executive of the REIT Manager who: (i) is interested in Units, or who acquires an interest in or who ceases to be interested in Units, or (ii) has a short position in Units, or who comes to have or ceases to have a short position in Units. Accordingly, a duty of disclosure shall also arise under the Trust Deed in relation to the REIT Manager and a director or chief executive of the REIT Manager (as the case may be) on the occurrence of the relevant events described in section 341 of the SFO in the circumstances specified in that section.

Where a duty of disclosure arises by virtue of the deemed application of Part XV of the SFO, the relevant person shall give notice to the REIT Manager and the Hong Kong Stock Exchange, and the REIT Manager shall promptly send a copy of the notification received by it to the Trustee.

The powers and duties of a “listed corporation” under Division 5 of Part XV of the SFO to investigate ownership of interests in Units shall be exercised by or performed solely by the REIT Manager except where the interest or short position (or deemed interested or deemed short position) relates to Units held by or in which the REIT Manager is interested or has a short position, in which case the power shall be exercised by or the duty shall be performed solely by the Trustee.

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);

THE TRUST DEED AND RELATED MATTERS

- (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.

MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SPRING REIT

The following is a summary of the material terms of the relevant agreements only. The agreements are available for inspection 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 Listing Date.

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 New Units by Spring REIT in the Global Offering) to RCA Fund or its nominees. If the Units issued to RCA Fund are valued at the Offer Price range stated in this Offering Circular and the net asset value ("NAV") per Unit is HK\$6.23 as of June 30, 2013, and without taking into account of the proceeds to be raised from the new Units to be issued by Spring REIT in the Global Offering, the RCA01 Shares are being exchanged for Units at a discount of between 35% (in the case of the Maximum Offer Price) and 39% (in the case of the Minimum Offer Price) to such NAV. The transfer is conditional upon the following conditions being satisfied:

- (a) the execution of an agreement among the Sole Global Coordinator (on behalf of the Underwriters), RCA Fund and the REIT Manager to determine the Offer Price;
- (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 Listing Date. 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 Listing Date, the Trustee shall not be obliged to complete the Reorganization. Completion will take place on the second Business Day immediately preceding the Listing Date. Upon Completion, Spring REIT will own the Property through RCA01.

MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SPRING REIT

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 Global Offering 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 Global Offering 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 Offer Price. Based on the Offer Price range stated in this Offering Circular of between HK\$3.81 and HK\$4.03, the maximum liability of RCA Fund in this respect is expected to be between HK\$3,810 million and HK\$4,030 million. In

MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SPRING REIT

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 the Listing, 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 final Offer Price. 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 the Listing, 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 Offering Circular 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

MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SPRING REIT

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

MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SPRING REIT

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.

MATERIAL AGREEMENTS AND OTHER DOCUMENTS RELATING TO SPRING REIT

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.

UNDERWRITING AGREEMENTS

The Hong Kong Underwriting Agreement is expected to be entered into on or around November 22, 2013 and the International Underwriting Agreement is expected to be entered into on or prior to the Price Determination Date. For a summary of the key terms and provisions of the Hong Kong Underwriting Agreement, see the section headed “Underwriting” in this Offering Circular.

CONNECTED PARTY TRANSACTIONS

DETAILS OF CONNECTED PARTY TRANSACTIONS

Following completion of the Global Offering, there will be continuing transactions between Spring REIT and the following persons noted below, which will constitute connected party transactions of Spring REIT within the meaning of the REIT Code. Details of these transactions as well as the modifications or waivers sought by Spring REIT in relation to the relevant provisions in Chapter 8 of the REIT Code on connected party transactions are set out below.

INTRODUCTION

Following completion of the Global Offering there will be, and it is likely that there will continue to occur from time to time, a number of transactions between the REIT Manager, Spring REIT and the other companies or entities held or controlled by Spring REIT (collectively, the “**Spring REIT Group**”) and parties which have a relationship or connection with Spring REIT.

The REIT Code contains rules (the “**connected party rules**”) governing transactions between the Spring REIT Group and certain defined categories of “connected persons” within the meaning given in the REIT Code. Such transactions will constitute “connected party transactions” for the purposes of the REIT Code.

In addition to “significant holders” (that is, holders of 10% or more of the outstanding Units), Spring REIT’s “connected persons” will include, among others:

- (1) the REIT Manager as well as controlling entities, holding companies, subsidiaries and associated companies of the REIT Manager within the meaning of the REIT Code. As a result, AD Capital (being a controlling entity of the REIT Manager), AD Capital Beijing (being a wholly owned subsidiary of AD Capital) and the Property Manager (being owned as to 40% by AD Capital) are connected persons of Spring REIT as a result of its relationship with the REIT Manager and/or AD Capital;
- (2) the Directors, senior executives and officers of the REIT Manager and their respective associates (as defined in the REIT Code); and
- (3) the Trustee and companies within the same group or otherwise “associated” with the Trustee within the meaning of the REIT Code, and the directors, senior executive and officers of the Trustee and their respective “associates”. As a result, the list of “connected persons” of Spring REIT will include Deutsche Bank AG (“**DB**”) and other members of its group because the Trustee is a wholly owned subsidiary of DB.

The REIT Manager has applied to the SFC for certain waivers from strict compliance with the REIT Code with respect to (a) transactions between Spring REIT Group and the REIT Manager Connected Persons Group; (b) transactions between Spring REIT Group and the Trustee Connected Persons; and (c) certain other transactions. These waivers are subject to the conditions mentioned below.

INTERNAL CONTROLS

The REIT Manager has established an internal control system intended to ensure that connected party transactions between Spring REIT Group and its “connected persons” are monitored and that these are undertaken on terms in compliance with the REIT Code. As

CONNECTED PARTY TRANSACTIONS

required by the REIT Code, among other things, all connected party transactions must be carried out at arm's length, on normal commercial terms and in the best interests of Unitholders.

The REIT Manager is required to demonstrate to the independent non-executive Directors and the Audit Committee that all connected party transactions satisfy the requirements below, 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. These requirements include:

- (a) all connected party transactions must be carried out at arm's length basis, on normal commercial terms and in an open and transparent manner;
- (b) all connected party transactions must be valued, in relation to a property transaction, by an independent property valuer;
- (c) all connected party transactions must be consistent with Spring REIT's investment objectives and strategy;
- (d) all connected party transactions must be in the best interests of Unitholders;
- (e) all connected party transactions must be properly disclosed to Unitholders;
- (f) all connected party transactions must be approved by the independent non-executive Directors of the REIT Manager (or a committee thereof); and
- (g) 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. An independent financial advisor shall also be appointed to advise the independent non-executive Directors of the REIT Manager (or a committee thereof) in this regard.

The REIT Manager is also required to investigate and monitor all transactions by Spring REIT in order to determine whether such transactions are connected party transactions. Furthermore, the REIT Manager is required to maintain a register to record all connected party transactions which are entered into by Spring REIT and the bases, including any quotations from independent third parties and/or independent valuers (if applicable) obtained to support such bases, on which they are entered into. The REIT Manager is also required to incorporate into its internal audit plan a review of all connected party transactions entered into by Spring REIT.

With respect to transactions comprising tenancies of real estate in the ordinary course of business, such transactions shall be evaluated by reference to the value of rental for the term of the tenancy.

CONNECTED PARTY TRANSACTIONS

WAIVERS FOR CERTAIN CONNECTED PARTY TRANSACTIONS BETWEEN SPRING REIT GROUP AND THE REIT MANAGER CONNECTED PERSONS GROUP

Categories of Transactions covered by the Waivers

The SFC has granted a waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of the following categories of connected party transactions between Spring REIT Group and the REIT Manager Connected Persons Group:

(a) Leasing transactions

As part of the ordinary course of business of Spring REIT Group, the Property Manager, on behalf of RCA01 as owner of the Property, and the REIT Manager Connected Persons Group may, from time to time, enter into or renew lease agreements in respect of certain areas on the 14th floor of Office Tower 1 and 4th, 10th and 18th of Office Tower 2 with an aggregate floor area of approximately 761.87 sq. m. The historical transaction amounts under such lease agreements were approximately RMB128,267, RMB610,876 and RMB2,059,174, for the years 2010, 2011 and 2012, respectively.

(b) Property management arrangements

RCA01 has entered into the Property Management Agreement with the Property Manager (Beijing Hua-re Real Estate Consultancy Co., Ltd.), a company 40% owned by AD Capital, on August 30, 2011 in relation to the management of the Property. For further details of the Property Management Agreement, see the section headed "The Property Manager and the Building Manager — The Property Manager" in this Offering Circular.

In addition, the REIT Manager has entered into the Property Management Supervision Agreement with the Trustee, RCA01, AD Capital (a controlling entity of the REIT Manager) and AD Capital Beijing (a wholly owned subsidiary of AD Capital) on November 21, 2013 in relation to the supervision of management of the Property. Pursuant to the Property Management Supervision Agreement, RCA01 shall, to the extent permitted by applicable laws, exercise its rights under the Property Management Agreement in accordance with the instructions of the REIT Manager. For further details of the Property Management Supervision Agreement, see the section headed "Material Agreements and Other Documents Relating to Spring REIT—Property Management Supervision Agreement" in this Offering Circular.

Pursuant to the waiver granted, any connected party transactions falling within the categories mentioned above need not be disclosed as connected party transactions and do not require Unitholders' approval, subject to the terms and conditions imposed by the SFC set out below.

Waiver Conditions

(a) Duration and extensions or modifications

The waiver for connected party transactions listed above shall be for a period which will expire on December 31, 2015. The waiver may be extended beyond December 31, 2015, and/or the terms and conditions of the waiver may be modified from time to time, provided that:

- (i) the approval of Unitholders other than those who have a material interest in the relevant transactions, within the meaning of paragraph 8.11 of the REIT Code ("**Independent Unitholders**") is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;

CONNECTED PARTY TRANSACTIONS

- (ii) disclosure of details of the proposed extension and/or modification, as the case may be, shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (iii) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year end date of Spring REIT after the date on which the approval referred to in (i) above is obtained;

for the avoidance of doubt, any material change to the transactions covered by the waiver (including but not limited to the scope or nature of transactions) as set out in this Offering Circular based on which the waiver is sought and granted must be approved by the Independent Unitholders as referred to in (i) above and details of the proposed changes shall be disclosed in the manner as referred to in (ii) above.

(b) Annual caps

The annual value of the connected party transactions subject to the waiver described above shall not exceed the respective annual caps set out in the following table:

| Categories of connected party transactions | For the year ending December 31, 2013 | For the year ending December 31, 2014 | For the year ending December 31, 2015 |
|---|--|--|--|
| Leasing transactions | RMB2,079,000 | RMB2,136,000 | RMB3,169,000 |
| Transaction under the Property Management Agreement | RMB8,895,000 | RMB10,940,000 | RMB12,581,000 |

The annual caps set out in the table above should not be taken as the anticipated growth projections or indicators of the future performance of Spring REIT.

The annual caps for leasing transactions have been determined in good faith by the REIT Manager taking into account the agreed rental in the existing lease agreements and the projected potential increase in rental on renewal of the expired leases with reference to the prevailing market rental of the Property. The annual cap for 2015 is significantly higher than that for 2014 due to the projected increase in rentals on renewal of the relevant leases, the expiration dates of which are between May 2014 and December 2014.

The property management fee is agreed to be 2% of the total revenue of the Property under the Property Management Agreement. The annual caps for transactions under the Property Management Agreement have been determined in good faith by the REIT Manager taking into account the amount of rentals under existing leases, the expected rental expiry in any particular year and the expected rental increase upon expiry of such leases.

There is no amount payable or receivable by Spring REIT or RCA01 under the Property Management Supervision Agreement.

In respect of the leasing transactions first entered into or renewed on or after the Listing Date, an independent valuation shall be conducted for each of such transactions except where they are conducted on standard or published rates.

(c) Disclosure in semi-annual and annual report

Details of the relevant connected party transactions shall be disclosed in Spring REIT's semi-annual and annual reports, as required under paragraph 8.14 of the REIT Code.

CONNECTED PARTY TRANSACTIONS

(d) Auditors' review procedures

In respect of each relevant financial period, the REIT Manager shall engage and agree with the auditors of Spring REIT to perform certain review procedures on all of the connected party transactions. The auditors shall then report in the auditors' report of Spring REIT ("**Auditors' Report**") to the REIT Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the SFC), confirming whether all such connected party transactions:

- (i) have received the approval of the Board (including the approval of all of the independent non-executive Directors);
- (ii) are in accordance with the pricing policies of Spring REIT;
- (iii) have been entered into in accordance with the terms of the agreements and the REIT Manager's internal procedures governing the transactions; and
- (iv) the total value in respect of which has not exceeded the respective annual limits (where applicable).

(e) Review by the independent non-executive Directors of the REIT Manager

The independent non-executive Directors shall review the relevant connected party transactions annually and confirm in Spring REIT's annual report for the relevant financial period that such transactions have been entered into:

- (i) in the ordinary and usual course of business of Spring REIT;
- (ii) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements and the REIT Manager's internal procedures governing them, if any, on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

(f) Auditors' access to books and records

The REIT Manager shall allow, and shall procure the counterparty to the relevant connected party transaction to allow, the auditors of Spring REIT sufficient access to their records for the purpose of reporting on the transactions.

(g) Notification to the SFC

The REIT Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors of Spring REIT and/or the independent non-executive Directors will not be able to confirm the matters set out in the above.

CONNECTED PARTY TRANSACTIONS

(h) Subsequent increases in annual caps with Independent Unitholders' approval

If necessary, for example, where there are further asset acquisitions by Spring REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the REIT Manager may, from time to time in the future, seek to increase one or more of the annual caps set out in the above, provided that:

- (i) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (ii) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (iii) the requirements referred to in paragraphs (b) to (g) above shall continue to apply to the relevant transactions, save that the increased annual caps shall apply.

(i) Paragraph 8.14 of the REIT Code

The REIT Manager shall comply with all requirements under paragraph 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval.

Opinion of the Board

The Board (including all the independent non-executive Directors) confirms that:

- (a) the waiver is in the interests of the Unitholders as a whole;
- (b) in its opinion, the annual caps stated above, and the basis for such annual caps, are fair and reasonable having regard to the interests of the Unitholders as a whole;
- (c) for those of the continuing connected party transactions with the REIT Manager Connected Persons Group in respect of which a waiver is being sought hereunder ("**Continuing CPTs**") which are subsisting as of the Listing Date, in its opinion, each of such Continuing CPTs has been entered into: (i) in the ordinary and usual course of business of Spring REIT (or its predecessor, as the case may be); and (ii) on terms which are normal commercial terms at arm's length and are fair and reasonable and in the interests of the Unitholders as a whole; and
- (d) for Continuing CPTs which are entered into after the Listing Date, each of such Continuing CPTs shall be entered into: (i) in the ordinary and usual course of business of Spring REIT; and (ii) on terms which are normal commercial terms and are fair and reasonable and in the interests of the Unitholders as a whole.

Opinion of the Listing Agent

The Listing Agent confirms that, in its opinion, the Continuing CPTs as subsisting as of the Latest Practicable Date are in the ordinary and usual course of business of Spring REIT, on normal commercial terms, and are fair and reasonable and in the interests of the Unitholders as a whole.

CONNECTED PARTY TRANSACTIONS

Opinion of the Independent Property Valuer

The Independent Property Valuer confirms that the rentals of the subject lettings were at market levels as of their respective tenancy agreement dates and the other commercial terms in the tenancies such as tenure, rental deposits and break clauses are normal commercial terms. The Independent Property Valuer is also of the opinion that the Property Management Agreement is conducted on normal commercial terms at arm's length and consistent with normal business practice for contracts of the relevant type.

WAIVERS FOR CERTAIN CONNECTED PARTY TRANSACTIONS BETWEEN SPRING REIT GROUP AND TRUSTEE CONNECTED PERSONS

The REIT Manager has applied for and the SFC has granted waivers from strict compliance with Chapter 8 of the REIT Code in respect of certain transactions between Spring REIT Group and Trustee Connected Persons, namely the DB Leasing Transactions, the DB Banking and Financial Services Transactions and the DB Corporate Finance Transactions (collectively, "**DB Continuing CPTs**").

Excluded Transactions

The following transactions will not be deemed connected party transactions of Spring REIT for the purposes of Chapter 8 of the REIT Code:

- (i) where the DB Group acts for a third party as nominee, custodian, agent or trustee and conducts agency transactions with Spring REIT Group;
- (ii) where a collective investment scheme (including another REIT) transacts with Spring REIT Group, and a company within the DB Group acts as the manager or trustee of such collective investment scheme but the transaction is not a proprietary transaction of the DB Group; and
- (iii) where a member of the DB Group (other than the Trustee and its proprietary subsidiaries except where the Trustee or any of its proprietary subsidiaries is the trustee of another collective investment scheme and is acting in that capacity) acquires, purchases, subscribes, sells or disposes of Units on terms which are the same as available to the public or other Unitholders as a whole, and where applicable, are subject to the application and allocation rules set out in the Listing Rules. For the avoidance of doubt, any dealing by the DB Group in Units on the Hong Kong Stock Exchange will not be a connected party transaction.

Waiver General Conditions and Undertakings

In support of the application for the request for waivers in respect of the DB Continuing CPTs, the REIT Manager has undertaken with the SFC to meet certain conditions, including the following general conditions on an on-going basis:

- (i) the DB Continuing CPTs will be carried out at arm's length, on normal commercial terms and in the interests of the Unitholders as a whole;
- (ii) the REIT Manager must implement internal controls and compliance procedures to ensure that the DB Continuing CPTs are monitored and undertaken on terms in compliance with the REIT Code;

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- (iii) the REIT Manager is satisfied with the Trustee's internal controls and compliance procedures, such as implementing Chinese walls, to ensure that the operation of the Trustee is independent of other banking, financial services and other business functions and operations of the DB Group; and
- (iv) the REIT Manager has incorporated provisions in the Trust Deed that require the Trustee to take actions or commence proceedings on behalf of Spring REIT, as the REIT Manager deems necessary to protect the interest of Unitholders, including against Trustee Connected Persons in relation to any transaction or agreement entered into by the Trustee for and on behalf of Spring REIT with such Trustee Connected Persons and require 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.

As a general rule, the REIT Manager must demonstrate to the Audit Committee and the independent non-executive Directors that the DB Continuing CPTs satisfy the general conditions above, which may entail (where practicable) obtaining quotations from parties unrelated to the Trustee. For example, for non-daily "corporate finance transactions", there should be procedures to ensure (a) competitive "best pricing", having regard to the nature of the services being sought and market conditions; and (b) the Trustee should not be involved in the selection of the parties to the transactions. All connected party transactions are to be approved by the independent non-executive Directors to ensure that they are conducted in the best interests of the Unitholders as a whole. Based on the above controls, the REIT Manager intends to adopt and observe certain proper corporate governance policies with respect to transactions between Spring REIT Group and the DB Group.

Separately and for the purpose of the waivers, each of the Trustee and DB (on behalf of itself and its subsidiaries) has given an undertaking to the SFC that it will act independently of one another in its dealings with Spring REIT. The Trustee has undertaken to the SFC that it will not be involved in the making of any decisions on behalf of Spring REIT to enter into any transactions with the Trustee Connected Persons, subject only to the Trustee's duties of oversight under the REIT Code and the Trust Deed.

The waivers have been given on the premise that they only apply to connected party transactions involving the Trustee Connected Persons solely as a result of and for so long as the Trustee is in office as the trustee for Spring REIT. If connected party transactions arise as a result of other circumstances, they will be governed by Chapter 8 of the REIT Code.

Notwithstanding the foregoing, the SFC reserves the right to review or revise any of the terms and conditions of any of the waivers if there is any subsequent change of circumstances that affect any of them. In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the waivers granted by the SFC on transactions of the kind to which the transactions belong (including, but not limited to, a requirement that such transaction be made conditional on approval by the independent Unitholders), the REIT Manager shall take immediate steps to ensure compliance with such requirements within a reasonable period of time.

Waiver in respect of DB Leasing Transactions

Leasing transactions include those to be conducted in the ordinary course of the leasing business of Spring REIT and transacted on normal arm's length commercial terms with the Trustee Connected Persons.

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As of the Latest Practicable Date, the Spring REIT Group and the Trustee Connected Persons have entered into lease agreements, pursuant to which Deutsche Bank (China) Company Limited (“**DB China**”), a wholly owned subsidiary of DB, leases certain areas on the 26th-28th Floors and signage space in Office Tower 1 of the Property (also known as Deutsche Bank Tower) and Zhong De Securities, in which DB has a 33.33% interest, leases certain areas on the 22nd and 23rd Floors and signage space in Office Tower 1 of the Property. The historical transaction amounts under the above lease agreements were approximately RMB28,193,111, RMB29,251,995 and RMB29,253,212, for the years 2010, 2011 and 2012, respectively.

Such leasing transactions, which are conducted on normal commercial terms and based on market pricing, are expected to be subsisting as at the time of the Listing of Spring REIT.

The SFC has granted a waiver from strict compliance with the requirement to make announcements and to seek Unitholders’ prior approval as set out in paragraphs 8.9 and 8.11 of the REIT Code in respect of the lease transactions that are entered into with Spring REIT Group where the lessee is a member of the DB Group or a director, senior executive or officer of the Trustee (“**DB Leasing Transactions**”). In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described in conditions (i) to (v) below.

Waiver conditions in respect of the DB Leasing Transactions

Specific conditions

The waiver in respect of the DB Leasing Transactions is granted on the following specific conditions:

- (i) the grant of the lease is negotiated and determined by the REIT Manager and/or the REIT Manager’s delegate on behalf of Spring REIT Group;
- (ii) an independent valuation is conducted for each of the lease transactions except where they are conducted on standard or published rates;
- (iii) the aggregate amount of annual rent paid by the DB Group to Spring REIT Group during a financial year, together with the material terms of any lease with any member of the DB Group under which the annual rent (per lease) exceeds HK\$1 million, is disclosed in the annual report of Spring REIT in accordance with paragraph 8.15 of the REIT Code;
- (iv) a confirmation is disclosed in the annual report by the independent non-executive Directors that they have reviewed the terms of such transactions and that they are satisfied that they have been entered into:
 - (a) in the ordinary and usual course of business of Spring REIT;
 - (b) on normal commercial terms (to extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether

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they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and

- (c) in accordance with the relevant agreement and the REIT Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of the Unitholders as a whole; and

- (v) the Auditors' Report shall cover all the relevant lease transactions.

Waiver in respect of DB Banking and Financial Services Transactions

The REIT Manager may engage the DB Group to provide "ordinary banking and financial services" to Spring REIT Group from time to time ("**DB Banking and Financial Services Transactions**") and the REIT Manager has applied for, and the SFC has granted a waiver so that the DB Banking and Financial Services Transactions will not be subject to any requirements for announcement, or Unitholders' approvals under Chapter 8 of the REIT Code. In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described below. For this purpose, the DB Banking and Financial Services Transactions means:

- (i) deposits and other "banking business" (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) with a DB Group member which is a "licensed corporation" or "registered institution" (as defined in the SFO) or overseas equivalent (together "**DB Group intermediaries**") and conducted on arm's length commercial terms;
- (ii) loans extended by a DB Group intermediary being a transaction in the ordinary and usual course of business of Spring REIT Group and provided to, or arranged for, Spring REIT Group on arm's length commercial terms; and
- (iii) related financial services constituting regulated activities (as defined in the SFO) and other banking or financial services required in the ordinary and usual course of business by Spring REIT Group (including insurance, ORSO retirement benefit schemes, mandatory provident fund schemes, credit cards, asset management, agency services in relation to the issuance of ordinary debt securities and other such services).

For the avoidance of doubt, the DB Banking and Financial Services Transactions do not include the DB Corporate Finance Transactions which are defined in the sub-section headed "Waiver in respect of DB Corporate Finance Transactions" set out below.

Notwithstanding the above, a summary disclosure of the DB Banking and Financial Services Transactions provided by the DB Group to Spring REIT Group in each financial year has to be disclosed in the relevant annual report of Spring REIT. Such information shall include the nature of the transactions, types of transactions or services and identities of the connected persons of the same transactions. The independent non-executive Directors shall confirm in the annual report that they have reviewed the terms of any such transactions and are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Spring REIT;

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- (b) on normal commercial terms (to extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

In addition, the auditors of Spring REIT shall be engaged to perform certain agreed review procedures and report to the REIT Manager (and a copy of such report shall be provided to the SFC) confirming that all such transactions (a) have followed the REIT Manager's internal procedures for such transactions and are in accordance with the terms disclosed in the offering document; (b) have received the approval of the Board (including all independent non-executive Directors); (c) are in accordance with the pricing policies of Spring REIT; (d) have been entered into and carried out in accordance with the terms of the agreements governing the transactions; and (e) the total value in respect of which has not exceeded the respective cap amount (where applicable).

Waiver in respect of DB Corporate Finance Transactions

The SFC has granted a waiver from strict compliance with the requirement under paragraphs 8.9 and 8.11 of the REIT Code to seek Unitholders' prior approval and to make announcements and circulars (in accordance with Chapter 10 of the REIT Code) in respect of certain "corporate finance transactions" between Spring REIT Group and the DB Group ("**DB Corporate Finance Transactions**"). In addition, the disclosure and reporting requirements under Chapter 8 of the REIT Code with respect to such transactions shall be modified as described below.

Scope of the DB Corporate Finance Transactions

For the purpose of this waiver, the DB Corporate Finance Transactions mean:

- (i) underwriting, securitization, issue of debt instruments or other securities, or other related arrangements where the DB Group is involved in an underwriting or arranging capacity or acts as listing agent and/or financial advisor and/or bookrunner and/or global co-ordinator and/or lead underwriter to Spring REIT, provided that these transactions are carried out at arm's length, on normal commercial terms, the primary objective of which is the offering or distribution of securities to parties outside of the DB Group;
- (ii) lending and borrowing of funds or other related arrangements including interest rate swap arrangements in relation to such borrowings in connection with any facility agreement by which Spring REIT Group will finance the acquisition of real estate; and
- (iii) "corporate advisory transactions", namely the provision of corporate finance advice to Spring REIT Group and excludes transactions set out in (i) and (ii) above, provided that the aggregate fees that the DB Group derived from all "corporate advisory transactions" conducted for Spring REIT Group during a financial year shall be capped at 1.0% of the latest published NAV of Spring REIT.

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For the avoidance of doubt, “corporate finance advice” means advice concerning:

- (a) compliance with or in respect of the REIT Code, the Listing Rules, The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or The Codes on Takeovers and Mergers and Share Repurchases;
- (b) (i) any offer to dispose of securities to the public, (ii) any offer to acquire securities from the public, or (iii) acceptance of any offer referred to in (i) or (ii), but only in so far as the advice is generally given to holders of securities or a class or securities; or
- (c) corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities).

Waiver Conditions

The above waiver in respect of the DB Corporate Finance Transactions was granted on the following specific conditions:

- (i) the offering document and any circular for Spring REIT includes upfront disclosure of this waiver and, with respect to those corporate finance transactions under categories (i) and (ii) of this waiver, full disclosure of the material terms of the relevant agreements;
- (ii) the annual report includes disclosure of the aggregate fees paid to the DB Group in respect of the corporate finance transactions conducted for Spring REIT Group in the financial year;
- (iii) the annual report includes disclosure in respect of any DB Corporate Finance Transaction whose fees exceed HK\$1 million: (a) the occurrence and nature of the transaction, (b) the parties to the transaction, and (c) the date of the transaction;
- (iv) the annual report discloses a statement made by each of the REIT Manager and the Trustee to confirm that the corporate finance transactions described in (i), (ii) and (iii) have complied with the general conditions of the waiver referred to in the paragraph under the sub-section headed “Waiver General Conditions and Undertakings” above and that the Trustee has not been involved in the making of any decision to enter into any corporate finance transaction on behalf of Spring REIT (subject to the Trustee’s duties of oversight under the REIT Code and the Trust Deed) including the selection of the financial advisor of the transaction;
- (v) the annual report includes a confirmation by the independent non-executive Directors that they have reviewed the terms of such transactions and are satisfied that they have been entered into:
 - (a) in the ordinary and usual course of business of Spring REIT;
 - (b) on normal commercial terms (to extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and

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- (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Unitholders as a whole; and
- (vi) the Auditors' Report shall cover all the relevant corporate finance transactions.

Notwithstanding the above waiver, in the case where the aggregate fees that the DB Group generates from all "corporate advisory transactions" conducted for Spring REIT Group during the relevant financial year exceed 1.0% of the latest NAV of Spring REIT as disclosed in the latest published audited accounts of Spring REIT, the requirements in respect of connected party transactions as set out in Chapter 8 of the REIT Code shall apply. Further, for the avoidance of doubt, where by virtue of the nature of the transaction, other than the involvement of the DB Group in its capacity as described above under "DB Corporate Finance Transactions", an announcement has to be made pursuant to the REIT Code (and is not exempt by any waivers from announcements under the REIT Code granted by the SFC) such announcement shall disclose the role of the DB Group and the relevant terms of engagement in accordance with the relevant provisions of the REIT Code.

Opinion of the Board in relation to the DB Continuing CPTs

The board of directors of the REIT Manager (including all the independent non-executive Directors) confirms that:

- (a) the waivers in relation to the DB Continuing CPTs are in the interests of Unitholders as a whole;
- (b) it is satisfied with the internal control procedures of the Trustee with respect to the independence of the Trustee's operation vis-à-vis DB Banking and Financial Services Transactions;
- (c) the annual cap amount and the basis of the annual cap amount, in relation to the aggregate fees of the DB Group generated from all "corporate advisory transactions" between the DB Group and Spring REIT conducted during the relevant financial year, is fair and reasonable having regard to the interests of the Unitholders of Spring REIT as a whole; and
- (d) each connected party transaction with Trustee Connected Persons shall be entered into in the ordinary and usual course of business of Spring REIT, on normal commercial terms at arm's length and in the interests of Unitholders as a whole.

Opinion of the Listing Agent

The Listing Agent confirms that the DB Continuing CPTs as subsisting as of the Latest Practicable Date are in the ordinary and usual course of business of Spring REIT, on normal commercial terms, and are fair and reasonable and in the interests of the Unitholders as a whole.

Opinion of the Independent Property Valuer

The Independent Property Valuer confirms that the rentals of the subject lettings were at market levels as of their respective tenancy agreement dates and the other commercial terms in the tenancies such as tenure, rental deposits and break clauses are normal commercial terms.

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WAIVER FOR EXCLUSION RELATING TO EMPLOYEES

REIT Manager has applied for, and the SFC has granted, a waiver from strict compliance from paragraph 8.1(f) of the REIT Code, such that those persons falling within the scope of employees in paragraphs (c) and (k) of the definition of “associate” in Schedule 1 to the SFO (namely, in respect of any employee of the relevant connected person and, where the relevant connected person is a corporation, each employee of any of its related corporations, etc.), being persons who are employees of the REIT Manager Group (other than employees of the REIT Manager) (“**Relevant Employees**”) and who are connected persons of Spring REIT solely as a result of their being the Relevant Employees (but not otherwise), be excluded from being regarded as connected persons of Spring REIT. Accordingly, transactions between the Relevant Employees and Spring REIT in the ordinary course of business and on normal commercial terms shall be exempt from all requirements relating to connected party transactions pursuant to Chapter 8 of the REIT Code. However, such waiver does not exempt the Relevant Employees from other categories of connected persons as defined in the REIT Code.

The above waiver was applied for based on the following grounds:

- (i) as the number of Relevant Employees is large and constantly changing, it would be unduly onerous, difficult and impracticable for the REIT Manager to identify each and every Relevant Employee and to comprehensively identify, monitor and disclose every transaction between Spring REIT and each Relevant Employee; and
- (ii) as most of the Relevant Employees will not be involved in the management of Spring REIT and are unlikely to have the ability to unduly influence Spring REIT to enter into a transaction with them on terms which are prejudicial to Unitholders as a whole or Spring REIT. In addition, appropriate measures will be instituted to ensure the segregation of the management functions of the REIT Manager in respect of Spring REIT from the rest of the REIT Manager Group. As such, the REIT Manager is of the view that a strict application of the REIT Code would impose an unduly onerous burden on Spring REIT without providing any substantial benefit to Unitholders.

WAIVERS FOR EXCLUSION RELATING TO THE GOVERNMENT OF JAPAN

As of the Latest Practicable Date, the Government of Japan owns the entire shareholding in Development Bank of Japan. DBJ in turn (i) holds a 49% shareholding in AD Capital, the holding company of the REIT Manager and (ii) owns a 49.40% interest in Asuka DBJ Investment LPS, a limited partner of RCA Fund, which will be a significant Unitholder upon the completion of the Global Offering. The REIT Manager has applied for, and the SFC has granted waiver from strict compliance with (i) paragraph 8.1(g) of the REIT Code such that the Government of Japan (including for this purpose any ministries of the Government of Japan and the entities owned or controlled by the Government of Japan, other than DBJ and entities owned and controlled by DBJ) will not be regarded as a controlling entity, holding company or associated company of the REIT Manager in so far as the provisions of Chapter 8 of the REIT Code are concerned; and (ii) paragraph 8.1(f) such that the Government of Japan (including for this purpose any ministries of the Government of Japan and the entities owned or controlled by the Government of Japan, other than DBJ and entities owned and controlled by DBJ) will not be regarded as an associate of RCA Fund, in so far as the provisions of Chapter 8 of the REIT Code are concerned regarding the leasing transactions. This exclusion does not exempt other categories of transactions than the leasing transactions.

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Such waiver is granted on the condition that there shall not be any material change in the circumstances as set out in this Offering Circular based on which the waiver is sought and granted.

The REIT Manager has adopted the following measures to monitor whether the waiver conditions are satisfied when any appointment of new Directors is made:

- (i) the terms of reference of the nomination committee provides that the nomination committee should take into account any waiver conditions imposed by the SFC when evaluating the appointment of new Directors;
- (ii) the REIT Manager shall obtain a declaration from the candidate that he/she is not appointed by and is independent of the Government of Japan and DBJ; and
- (iii) if the waiver conditions are not met, it shall promptly notify the SFC and publish an announcement that this waiver shall lapse.

The above waiver was applied for based on the following grounds:

- (i) up to the Latest Practicable Date, the Government of Japan (and any ministries of the Government of Japan and entities owned and controlled by the Government of Japan) has never had a representative on the board of directors of either the REIT Manager or AD Capital and the Government of Japan (and any ministries of the Government of Japan and entities owned and controlled by the Government of Japan) has had no involvement in the management of the REIT Manager and AD Capital, has no influence over management of the REIT Manager through negative control on material matters of Spring REIT and is independent of the Directors of the REIT Manager. Further, AD Capital undertakes to the SFC that as long as (i) the REIT Manager remains the manager of Spring REIT and (ii) Spring REIT remains listed on the Hong Kong Stock Exchange, AD Capital shall not appoint any person who is not independent of the Government of Japan to be a director of the REIT Manager. Therefore, it is expected that the Government of Japan will not be involved in the management of Spring REIT going forward;
- (ii) RCA Fund is a limited partnership whose operation is controlled by its general partner. In other words, all the limited partners of RCA Fund are merely passive investors who have no right or control over the operation of RCA Fund;
- (iii) the number of companies owned by, controlled by or associated with the Government of Japan are far-reaching and information relating to some of these companies may not be publicly available. Therefore it is not possible for the REIT Manager to compile a complete list of all government authorities, state-owned enterprises and their associates and to comprehensively identify, monitor and disclose every transaction between Spring REIT and each of the entities controlled by, owned by or associated with the Government of Japan. Strict application of the REIT Code would impose an unduly onerous burden without providing any substantive benefits to the Unitholders;

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- (iv) any transaction, if any, between the Government of Japan (and any ministries of the Government of Japan or any of the companies owned by, controlled by or associated with the Government of Japan) on the one hand and Spring REIT Group on the other hand shall be conducted on normal commercial terms at arm's length which is fair and reasonable and in the interest of the Unitholders as a whole; and
- (v) the management structure of the REIT Manager will incorporate adequate internal control and compliance procedures, including audit committee, nomination committee, independent non-executive directors and full-time key senior management, to ensure that the REIT Manager will manage and operate Spring REIT's assets independently of the Government of Japan.

WAIVER FOR ISSUANCE OF NEW UNITS TO CONNECTED PERSONS

The REIT Manager has applied for and the SFC has granted a waiver from strict compliance with paragraph 6.2, Chapter 8, paragraph 10.7(b)(iv) and/or paragraph 12.2 of the REIT Code for the period from the Listing Date to the last date of subsistence of the Trust Deed so as to allow the REIT Manager to issue new Units to a connected person pursuant to those situations set out in paragraphs (1) to (6) below, without the need for compliance with any reporting, announcement, disclosure or Unitholders' approval requirements under Chapter 8, paragraph 10.7(b)(iv) and/or paragraph 12.2 of the REIT Code, or any valuation requirement under paragraph 6.2 of the REIT Code, on the condition that the issuance of Units to connected persons of Spring REIT shall be made strictly in accordance with the provisions of the Trust Deed and, in the case of the situation set out in paragraph (5) below, also on the conditions that (i) an announcement shall be issued by the REIT Manager pursuant to paragraphs 10.3 and 10.4(k) of the REIT Code containing details of the placing and top-up subscription of Units by the connected persons under the relevant clause of the Trust Deed and (ii) issuance of such Units is sufficiently covered under the general mandate permitted under paragraph 12.2 of the REIT Code and no independent Unitholders' approval would otherwise have to be sought under such paragraph.

The circumstances mentioned in the preceding paragraph are:

- (1) a rights issue or as part of any offer made to all Unitholders on a pro rata basis;
- (2) capitalization issue (in so far as such issue is offered to the Unitholders on a pro rata basis excluding for this purpose any Unitholder whose address is outside Hong Kong);
- (3) an issue of Units in respect of re-investment of a distribution to Unitholders;
- (4) the connected person receives a pro rata entitlement to Units in its capacity as a Unitholder;
- (5) an issue of new Units to a connected person within 14 days of such connected person having executed an agreement to reduce its holding of Units by placing such Units to a third person or third persons who is/are not its associate(s) other than any Excluded Associate provided that (i) such new Units must be issued at a price not less than the placing price (which issue price may however be adjusted for the expenses of the placing); and (ii) the number of new Units issued to the connected person must not exceed the number of Units placed by it, where "Excluded Associate" means any person or entity who/which is an associate of the

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relevant connected person solely by virtue of the operation of paragraphs (b), (c) and/or (k) (in the case of paragraph (k), other than a related corporation covered under paragraph (a) of the definition of “related corporation” in Schedule 1 of the SFO) of the definition of “associate” in Schedule 1 of the SFO; or

- (6) an issue of new Units to a connected person where the connected person is acting as underwriter or sub-underwriter of an issue of new Units by Spring REIT, provided that the following conditions are complied with:
 - (i) the issue of new units to a connected person of Spring REIT where the connected person is acting as underwriter or sub-underwriter of such issue by Spring REIT (the “**Connected Underwriter**”) shall comply with all applicable provisions of the Listing Rules pursuant to which such issue to the Connected Underwriter is qualified for the exemption from all reporting, announcement and independent shareholders’ approval requirements applicable to connected transactions under the Listing Rules (as amended from time to time), with necessary changes being made, as if those provisions therein are applicable to real estate investment trusts authorized by the SFC under the REIT Code;
 - (ii) an announcement shall be issued by the REIT Manager pursuant to paragraphs 10.3 and 10.4 of the REIT Code containing details of the issuance of new Units to the Connected Underwriter; and
 - (iii) issuance of such Units to the connected persons of Spring REIT shall be made strictly in accordance with the Trust Deed and no Unitholders’ approval would otherwise have to be sought under paragraphs 12.2 or 12.3 of the REIT Code.

UNITHOLDERS’ MANDATE

The REIT Manager may at any time in the future seek a general annual mandate from the Unitholders in relation to other waivers from, or confirmations in relation to, the connected party rules for which the REIT Manager may apply to the SFC. In order to apply to the SFC for that purpose, the general mandates must be made subject to any applicable requirements of the SFC or applicable provisions of the REIT Code. Such mandates may include continuation or extension of existing waivers (including those set out under the sub-section headed “Waiver for Certain Connected Party Transactions between Spring REIT Group and Trustee Connected Persons” above).

In seeking any such general mandate, the independent non-executive Directors will render an opinion as to whether the methods or procedures for determining the transaction prices or other relevant terms of the transaction contemplated under the general mandate are sufficient to ensure that such transactions will be carried out on arm’s length basis and on normal commercial terms, will not be prejudicial to the interests of Spring REIT and the Unitholders and that the terms and conditions of such transactions will be fair and reasonable.

ROLE OF THE AUDIT COMMITTEE FOR CONNECTED PARTY TRANSACTIONS

The Audit Committee will periodically review (and the executive Directors or the management team of the REIT Manager will periodically produce reports to the Audit Committee for review of) all connected party transactions to ensure compliance with the

CONNECTED PARTY TRANSACTIONS

REIT Manager's internal control systems and with the relevant provisions of the REIT Code. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

ANNOUNCEMENTS AND REPORTING

Connected party transactions within any of the categories referred to above will be reviewed by Spring REIT's auditors and will be subject to disclosure in Spring REIT's annual report and accounts.

CONNECTED PARTY TRANSACTIONS IN CONNECTION WITH THE ESTABLISHMENT OF SPRING REIT AND THE GLOBAL OFFERING

A number of transactions have been entered into with the REIT Manager and certain connected persons of the REIT Manager and/or Spring REIT Group in connection with the establishment of Spring REIT and the Global Offering. These connected party transactions are as follows:

(1) Trust Deed

Spring REIT is constituted by the Trust Deed between the REIT Manager and the Trustee. For further details, see the section headed "Structure, Management and Agreements — Trust Deed and Related Matters" in this Offering Circular.

(2) 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 to RCA Fund or its nominees. For further details, see the section headed "Structure, Management and Agreements — Material Agreements and Other Documents relating to Spring REIT — Reorganization Agreement" in this Offering Circular.

(3) 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. For further details, see the section headed "Structure, Management and Agreements — Material Agreements and Other Documents relating to Spring REIT — Deed of Tax Covenant" in this Offering Circular.

(4) Property Management Agreement

RCA01 has entered into the Property Management Agreement with the Property Manager (Beijing Hua-re Real Estate Consultancy Co., Ltd.), a company 40% owned by AD Capital, on August 30, 2011 in relation to the management of the Property. For further details of the Property Management Agreement, see the sections headed "The Property Manager and the Building Manager — The Property Manager" and "Connected Party Transactions —

CONNECTED PARTY TRANSACTIONS

Waivers for Certain Connected Transactions between Spring REIT Group and the REIT Manager Connected Persons Group — Categories of Transactions covered by the waivers — (b) Property Management Arrangements” in this Offering Circular.

(5) Property Management Supervision Agreement

The REIT Manager has entered into the Property Management Supervision Agreement on November 21, 2013 with the Trustee, RCA01, AD Capital (a controlling entity of the REIT Manager) and AD Capital Beijing (a wholly owned subsidiary of AD Capital) in relation to the supervision of management of the Property. Pursuant to the Property Management Supervision Agreement, RCA01 shall, to the extent permitted by applicable laws, exercise its rights under the Property Management Agreement in accordance with the instructions of the REIT Manager. For further details of the Property Management Supervision Agreement, see the sections headed “Material Agreements and Other Documents Relating to Spring REIT—Property Management Supervision Agreement” and “Connected Party Transactions — Waivers for Certain Connected Transactions between Spring REIT Group and the REIT Manager Connected Persons Group — Categories of Transactions covered by the waivers — (b) Property Management Arrangements” in this Offering Circular.

(6) Undertaking Letter

Pursuant to a letter agreement dated November 15, 2013 entered into among the Trustee (in the capacity as the trustee of Spring REIT), RCA01 and the Property Manager, the Trustee will exercise its powers of oversight of the onshore bank accounts through regularly reviewing, monitoring and analyzing movements in the onshore bank accounts, by reference to the regular reports provided by the Property Manager and such information requested by the Trustee from the Property Manager from time to time.

Save as disclosed in this section, the Directors are not aware of any other connected transactions which may continue after the Listing.

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS

In connection with the authorization of Spring REIT by the SFC, the REIT Manager has applied to, and has received approval from, the SFC in relation to the modifications of, and waivers from, strict compliance with certain requirements of the REIT Code. A summary of such modifications and waivers is set out below.

CONNECTED PARTY TRANSACTIONS — CHAPTER 8 OF THE REIT CODE

Spring REIT has applied to the SFC for, and has been granted, a waiver from strict compliance with certain provisions in Chapter 8 of the REIT Code in relation to certain continuing connected party transactions of Spring REIT within the meaning of the REIT Code. Details of the waivers received for: (a) certain connected party transactions between Spring REIT Group and the REIT Manager Connected Persons Group; (b) certain connected party transactions between the Trustee Connected Persons and Spring REIT Group; and (c) issuance of new Units to connected persons under certain circumstances are set out in the section headed “Connected Party Transactions” in this Offering Circular.

PAYMENT OF REIT MANAGER’S FEE BY WAY OF UNITS — CHAPTER 12 OF THE REIT CODE

As noted in section “The REIT Manager — Fees, Costs and Expenses of the REIT Manager” of this Offering Circular, the REIT Manager’s Base Fee, Variable Fee, Acquisition Fee or Divestment Fee (collectively “**REIT Manager’s Remuneration**”) payable to the REIT Manager may be in the form of Units. The REIT Manager has applied to the SFC for, and has received, a waiver from strict compliance with certain requirements under Chapter 12 of the REIT Code in respect of the issue of Units to the REIT Manager as payment of the REIT Manager’s Remuneration, subject to the following conditions:

- (a) for the purposes of the REIT Code, the number of Units issued to the REIT Manager by way of payment of the REIT Manager’s Remuneration for each financial year of Spring REIT shall be counted as part of the 20% (or such lower percentage as permitted by the REIT Code from time to time) of outstanding Units that the REIT Manager may issue in each financial year without Unitholders’ approval pursuant to paragraph 12.2 of the REIT Code;
- (b) 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 REIT Manager’s Remuneration for that financial year shall, in the aggregate, be limited to such number of Units as represents 3% 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 that financial year for the purpose of financing any acquisition of real estate by Spring REIT;
- (c) any issue of Units to the REIT Manager as payment of all or part of the REIT Manager’s Remuneration shall be made strictly in accordance with the requirements of the Trust Deed and the Applicable Rules; and
- (d) in the event that any payment of all or part of the REIT Manager’s Remuneration in the form of Units exceeds the relevant thresholds set out in paragraph 12.2 of the REIT Code and paragraph (b) above, and Unitholders’ approval is not obtained for the issue of Units for such purpose, then payment of that excess part of the REIT Manager’s Remuneration shall be made by Spring REIT to the REIT Manager in cash.

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS

Payment of Promotional Expenses from the property of Spring REIT under Paragraph 9.13(b) of the REIT Code

Under paragraph 9.13(b) of the REIT Code, expenses arising out of any advertising or promotional activities in connection with a REIT shall not be paid from the property of the REIT. Spring REIT has applied to the SFC for, and has been granted, a waiver from strict compliance with the requirements of paragraph 9.13(b) of the REIT Code to allow payment or reimbursement out of assets of Spring REIT costs and expenses for marketing, promotion, advertising, roadshows, press conferences, luncheons, presentations and other 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 (collectively “**Promotional Expenses**”), but only if and to the extent that such is permitted by the REIT Code and any applicable law, subject to the following conditions:

- (i) the audit committee of the REIT Manager shall verify periodically the amounts of Promotional Expenses incurred by the REIT Manager and shall confirm in the annual report of Spring REIT that the Promotional Expenses are incurred (a) in accordance with the internal control procedures of the REIT Manager; and (b) solely for the purposes as set out in the relevant clauses of the Trust Deed, and review such supporting evidence that it may reasonably deem necessary;
- (ii) the aggregate amount of the Promotional Expenses shall be disclosed in the relevant annual report of Spring REIT; and
- (iii) payment or reimbursement to the Trustee and/or the REIT Manager of such expenses shall be made strictly in accordance with the requirements of the Trust Deed.

For all modifications and waivers from strict compliance with certain requirements of the REIT Code as referred to in this section and the section headed “Connected Party Transactions” in this Offering Circular, notwithstanding any of the foregoing, the SFC reserves the right to review or revise any of the conditions relating to the waivers if there is any subsequent change of circumstances that affects any of them. In the event of future amendments to the REIT Code imposing more stringent requirements than those applicable at the date of the waivers granted by the SFC on transactions on the kind to which the transactions belong (including, but not limited to, a requirement that such transaction be made conditional on approval by the independent Unitholders), the REIT Manager shall take immediate steps to ensure compliance with such requirements within a reasonable period.

LICENSING CONDITIONS ON THE REIT MANAGER

In addition to the statutory conditions set out in the SFO, the SFC has imposed the following licensing conditions upon the REIT Manager:

- (a) the REIT Manager’s license shall lapse and cease to have effect as and when:
 - (i) Spring REIT is de-authorized; or
 - (ii) the REIT Manager ceases to act as the management company of Spring REIT; and
- (b) for Type 9 regulated activity, the REIT Manager shall only engage in managing Spring REIT.

OTHER INFORMATION

TAXATION

The following statements are by way of a general guide to investors only 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.

Investors should note that 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 Offering Circular 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.

TAXATION

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

TAXATION

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

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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.

TAXATION

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 Section 104 of the SFO, 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 new Units. 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.

TAXATION

Stamp Duty

No Hong Kong stamp duty is payable by the Unitholders in relation to the issue of the New Units to them by Spring REIT. The sale and purchase of the Sale Units by the Selling Unitholder is subject to stamp duty in Hong Kong. However, no stamp duty (including fixed duty) will be payable by any applicant in the Global Offering since the Selling Unitholder will bear all stamp duty (including fixed duty) arising from the sale and purchase of the Sale Units in the Global Offering.

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 Hong Kong Stock Exchange. 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.

UNDERWRITING

HONG KONG UNDERWRITERS

Credit Suisse (Hong Kong) Limited
Mizuho Securities Asia Limited
DBS Asia Capital Limited
SMBC Nikko Securities (Hong Kong) Limited
Fulbright Securities Limited
Pacific Foundation Securities Limited
Quam Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Public Offering, Spring REIT is offering the Hong Kong Public Offering Units for subscription on, and subject to, the terms and conditions of this Offering Circular and the Application Forms. Subject to the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Units to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for the Hong Kong Public Offering Units which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions of this Offering Circular, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for Termination by the Hong Kong Underwriters

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) in its absolute discretion may, by giving notice to the REIT Manager and RCA Fund, terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak or escalations of disease, economic sanctions, strikes, labor disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed) in or affecting Hong Kong, the PRC, the Cayman Islands, Japan, the United States, the European Union (or any member thereof) or Singapore (the “**Relevant Jurisdictions**”);
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions, equity securities or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock

UNDERWRITING

Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Tokyo Stock Exchange;

- (iv) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions;
- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any governmental authority in or affecting any of the Relevant Jurisdictions;
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change or amendment in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar against any foreign currencies or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar), or the implementation of any exchange control, in any of the Relevant Jurisdictions,

which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) (1) has or will or may have an adverse effect on the assets, liabilities, business, general affairs, management, prospects, Unitholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of Spring REIT and the companies directly or indirectly controlled by it (the "**Group**") as a whole, (2) has or will have or may have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering, (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Hong Kong Public Offering and/or the Global Offering to proceed or to market the Hong Kong Public Offering and/or the Global Offering or (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Sole Global Coordinator or any of the Hong Kong Underwriters:
 - (i) that the Trustee or the REIT Manager seeks to retire, or is removed, as the trustee or the management company of Spring REIT, respectively;
 - (ii) that any profit forecast or forecast of distribution(s) per Unit which appears in this Offering Circular is or becomes incapable of being met;
 - (iii) that any statement contained in this Offering Circular, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular,

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document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the REIT Manager in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable assumptions;

- (iv) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Offering Circular, constitute a material omission from this Offering Circular, the Application Forms, the formal notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the REIT Manager in connection with the Hong Kong Public Offering (including any supplement or amendment thereto);
- (v) the issue of or the requirement by the REIT Manager to issue any supplement or amendment to this Offering Circular (or to any other documents used in connection with the Global Offering) pursuant to the SFO, the REIT Code or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC;
- (vi) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon the Sole Global Coordinator, the Listing Agent or the Underwriters);
- (vii) any event, act or omission which gives or is likely to give rise to any liability of any of the REIT Manager, RCA Fund or AD Capital pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;
- (viii) any material adverse change or development or any prospective adverse change or development in the assets, liabilities, business, general affairs, management, prospects, Unitholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of Spring REIT or the Group as a whole;
- (ix) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties given by any of the REIT Manager, RCA Fund or AD Capital in the Hong Kong Underwriting Agreement;
- (x) that the approval by the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Units in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (xi) that the REIT Manager withdraws this Offering Circular (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (xii) any potential litigation or disputes which would affect the operation, financial condition or reputation of the REIT Manager or the Group in any material respect;

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- (xiii) any person (other than any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in this Offering Circular (and/or certain other documents issued in connection with the Global Offering) or to the issue of any such documents;
- (xiv) any litigation or claim of any third party being threatened or instigated against any member of the Group which may have a material adverse effect on the Group;
- (xv) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;
- (xvi) the chairman of the board of Directors or any of the responsible officers of the REIT Manager vacating his office;
- (xvii) any governmental authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director;
- (xviii) any contravention by the REIT Manager or any member of the Group of the SFO, the REIT Code, the Listing Rules or Applicable Laws in any material respect;
- (xix) any prohibition on the REIT Manager for whatever reason from allotting or selling the Units pursuant to the terms of the Global Offering;
- (xx) any non-compliance of this Offering Circular (or any other documents used in connection with the Global Offering) or any material aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xxi) any order or petition for the winding-up of the REIT Manager, any member of the Group, RCA Fund or AD Capital (as the case may be) or any composition or arrangement made by the REIT Manager, any member of the Group, RCA Fund or AD Capital (as the case may be) with its creditors or a scheme of arrangement entered into by the REIT Manager, any member of the Group, RCA Fund or AD Capital (as the case may be) or any resolution for the winding-up of any member of the REIT Manager, any member of the Group, RCA Fund or AD Capital (as the case may be) or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of the REIT Manager, any member of the Group, RCA Fund or AD Capital (as the case may be) or anything analogous thereto occurring in respect of the REIT Manager, any member of the Group, RCA Fund or AD Capital (as the case may be).

Undertakings

Spring REIT

The REIT Manager has undertaken to each of the Listing Agent, the Sole Global Coordinator and the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement that except:

- (a) pursuant to the Reorganization and the Global Offering;

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- (b) with the prior written consent of the Sole Global Coordinator (on its own behalf and on behalf of the Hong Kong Underwriters); or
- (c) pursuant to payment of Units to the REIT Manager in lieu of its fee on the terms set out in the Trust Deed and described in this Offering Circular,

neither Spring REIT nor any of the companies directly or indirectly controlled by it shall, during the period of six months from the Listing Date (the “**First Six-Month Period**”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, either directly or indirectly, conditionally or unconditionally, any Units or any interest in any Units (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Units);
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Units or any interest in any Units (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Units);
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (i) or (ii) above,

in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of Units or in cash or otherwise (whether or not the issue of the Units will be completed within the aforesaid period).

Selling Unitholder

Pursuant to the Hong Kong Underwriting Agreement, RCA Fund has undertaken to each of the REIT Manager, the Listing Agent, the Sole Global Coordinator and the Hong Kong Underwriters that, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters):

- (a) except for the sale of Units pursuant to the International Offering, any exercise of the Over-allotment Option, the lending of Units pursuant to the Unit Borrowing Agreement and any transfer to a direct or indirect investor in RCA Fund provided that such investor agrees to a substantially identical “lock-up” restriction to the reasonable satisfaction of the Sole Global Coordinator, it shall not at any time during the First Six-Month Period:
 - (i) sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Units or any interest

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in any Units (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Units);

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Units or any interest in any Units (including, without limitation, any securities convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Units), or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Units or any interest in any Units (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Units);
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of Units or in cash or otherwise;

- (b) it shall not during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”) enter into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, RCA Fund ceases to hold at least 25% of the Units then in issue; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or offers to or agrees to or publicly announces any intention to effect any such transaction, it will take all reasonable steps to ensure that this will not create a disorderly or false market in the Units.

Pursuant to the Hong Kong Underwriting Agreement, RCA Fund has also undertaken to each of the REIT Manager, the Listing Agent, the Sole Global Coordinator and the Hong Kong Underwriters that it will, at any time within the period commencing on the date of this Agreement and ending on the date which is 12 months after the Listing Date:

- (a) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Units beneficially owned by it for a bona fide commercial loan, immediately inform the REIT Manager and the Sole Global Coordinator in writing of such pledge or charge together with the number of Units which are so pledged or charged; and
- (b) upon any indication received by it, either oral or written, from any pledgee or chargee that any of the pledged or charged Units will be disposed of, immediately inform the REIT Manager and the Sole Global Coordinator in writing of such indications.

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Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the fees and commissions to which the Underwriters are entitled will comprise an underwriting commission of 3.0% of the aggregate Offer Price.

For any unsubscribed Hong Kong Public Offering Units reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and fees together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy and the Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$140 million (assuming an Offer Price of HK\$3.92 per Offer Unit (which is the mid-point of the Offer Price range stated in this Offering Circular) and assuming the Over-allotment Option is not exercised). All costs and expenses related to the Global Offering will be paid by RCA Fund. Approximately 22.3% of the total estimated underwriting commissions, which represents the approximate portion of New Units to be issued and offered by Spring REIT in the Global Offering, will be reimbursed by Spring REIT to RCA Fund after the listing.

Indemnity

The REIT Manager and RCA Fund have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by them of the Hong Kong Underwriting Agreement. AD Capital has guaranteed to the Hong Kong Underwriters the performance of RCA Fund with respect of the obligations of RCA Fund under the Hong Kong Underwriting Agreement.

Underwriters' interest in Spring REIT

Save for its obligations under the relevant Underwriting Agreements or as otherwise disclosed in this Offering Circular, none of the Underwriters owns any Units or has any shareholding interest or other ownership interest in Spring REIT, the Trustee or the REIT Manager or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Units or securities in Spring REIT, the Trustee or the REIT Manager.

The International Offering

International Underwriting Agreement

In connection with the International Offering, the REIT Manager expects to enter into the International Underwriting Agreement with RCA Fund, AD Capital, the Sole Global Coordinator and the International Underwriters on or prior to the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters will severally agree to subscribe or procure subscribers for the International Offering Units initially being offered in the International Offering.

Over-allotment Option

RCA Fund expects to grant to the International Underwriters the Over-allotment Option, which will be exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) in whole or in part at one or more times from the Listing Date until 30 days

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after the last day for lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, RCA Fund may be required to sell up to an aggregate of 65,925,000 additional Units, representing not more than 15% of the number of Units initially available under the Global Offering, at the Offer Price, to cover, among other things, over-allocation in the International Offering, if any.

Activities by Underwriters

The Underwriters and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process. The Underwriters and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Units, those activities could include acting as agent for buyers and sellers of the Units, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Units, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Units. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Units. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Underwriters and their affiliates holding long and/or short positions in the Units, in baskets of securities or indices including the Units, in units of funds that may purchase the Units, or in derivatives related to any of the foregoing.

In relation to issues by Underwriters or their affiliates of any listed securities having the Units as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Units in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this Offering Circular. Such activities may affect the market price or value of the Units, the liquidity or trading volume in the Units and the volatility of the price of the Units, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Underwriters will be subject to certain restrictions, including the following:

- (a) the Underwriters (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Units, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Units), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Units at levels other than those which might otherwise prevail in the open market; and
- (b) the Underwriters must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Underwriters or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the REIT Manager and each of their affiliates for which such Underwriters or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

A total of 439,500,000 Units will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of 43,950,000 New Units (subject to reallocation in Hong Kong as described below under the sub-section headed “The Hong Kong Public Offering”); and
- (b) the International Offering of an aggregate of 395,550,000 Units (comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 54,050,000 New Units to be issued and offered by Spring REIT and subject to reallocation and the exercise of the Over-allotment Option) solely to institutional, professional and other investors outside the United States in offshore transactions in reliance on Regulation S, as described below under the sub-section headed “The International Offering”.

Investors may apply for Units under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for Units under the International Offering, but not under both. Investors may only receive Units under either the International Offering or the Hong Kong Public Offering, but not under both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve the selective marketing of Units to institutional and professional investors and other investors anticipated to have a sizeable demand for such Units, in each case, in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares, units and other securities, and corporate entities which regularly invest in shares, units and other securities.

The number of Units to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described below in this section.

References in this Offering Circular to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

ALLOCATION

As part of the International Offering process, prospective professional, institutional and other investors will be required to specify the number of Units they would be prepared to acquire under the International Offering either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, Friday, November 29, 2013.

Allocation of the Units pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investors are likely to buy further Units, and/or hold or sell their Units, after the listing of the Units on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the International Offering Units on a basis which would lead to the establishment of a solid Unitholder base to the benefit of Spring REIT and the Unitholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

Allocation of Units to applicants under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offering Units validly applied for, but, subject to that (and in accordance with the allocation of Hong Kong Public Offering Units in Pool A and Pool B described below under the sub-section headed “The Hong Kong Public Offering”), the allocation of Hong Kong Public Offering Units could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offering Units, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offering Units.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (on behalf of the Underwriters), RCA Fund and the REIT Manager on the Price Determination Date, following completion of the book-building process for the International Offering and after assessment of the level of demand for Units in the Global Offering. The Price Determination Date is expected to be Friday, November 29, 2013.

The Offer Price will fall within the Offer Price range stated in this Offering Circular unless otherwise announced, as further explained below, at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this Offering Circular.

The Sole Global Coordinator (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of RCA Fund and the REIT Manager, reduce the indicative Offer Price range below that stated in this Offering Circular at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the REIT Manager will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of Spring REIT at www.springreit.com notices of the reduction in the number of Units being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) with RCA Fund and the REIT Manager, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Public Offering Units, applicants under the Hong Kong Public Offering should note that applications cannot be withdrawn once submitted. However, if the number of Units being offered under the Global Offering and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed with their applications are received. Such notice will also include confirmation or revision, as appropriate, of the offer statistics as currently set out in the section headed “Offering Circular Summary” in this Offering Circular, and any other financial information which may change as a result of such reduction. In the absence of any such notice being published, the number of Units being offered under the Global Offering will not be reduced and the Offer Price, if agreed upon with the REIT

STRUCTURE OF THE GLOBAL OFFERING

Manager, RCA Fund and the Sole Global Coordinator (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this Offering Circular.

Before submitting applications for the Hong Kong Public Offering Units, applicants should have regard to the possibility that any announcement of a reduction in the number of Units being offered under the Global Offering and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

In the event of a reduction in the number of Units being offered under the Global Offering, the Sole Global Coordinator may, at their discretion, reallocate the number of Units to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Units comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Units available under the Global Offering. The Units to be offered in the Hong Kong Public Offering and the Units to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Global Coordinator.

The Offer Price, the level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Public Offering Units, and the final number of Hong Kong Public Offering Units comprised in the Hong Kong Public Offering, Pool A and Pool B, respectively, are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Public Offering Units — Publication of Results” in this Offering Circular.

PRICE PAYABLE ON APPLICATION UNDER HONG KONG PUBLIC OFFERING

The Offer Price will not be more than HK\$4.03 and is currently expected to be not less than HK\$3.81. Applicants for Hong Kong Public Offering Units are required to pay, on application, the Maximum Offer Price of HK\$4.03 per Hong Kong Public Offering Unit together with brokerage of 1%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%, amounting to a total of HK\$4,070.62 in one board lot of 1,000 Units.

If the Offer Price, as finally determined in the manner described in the sub-section headed “Determining the Offer Price” above, is lower than the Maximum Offer Price, appropriate refund payments (including the brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies) will be made to applicants, without interest. Further details are set out in the sections headed “How to Apply for Hong Kong Public Offering Units” and “Further Terms and Conditions of the Hong Kong Public Offering” in this Offering Circular.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

All acceptances of applications for Hong Kong Public Offering Units in the Hong Kong Public Offering are conditional upon, among other matters:

(a) Listing

The Hong Kong Stock Exchange granting listing of, and permission to deal in, all the Units to be issued as mentioned herein;

STRUCTURE OF THE GLOBAL OFFERING

(b) International Underwriting Agreement

The International Underwriting Agreement having been duly executed by all parties thereto on or about the Price Determination Date;

(c) Underwriting Agreements Unconditional

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator (for and on behalf of the Underwriters)) and neither Underwriting Agreement being terminated in accordance with its terms or otherwise;

(d) SFC Authorization

The SFC having authorized this Offering Circular pursuant to section 105 of the SFO; and

(e) Pricing

The Offer Price being agreed between the REIT Manager, RCA Fund and the Sole Global Coordinator (on behalf of the Underwriters),

on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

The consummation of each of the International Offering and the Hong Kong Public Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with their terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Global Offering will be caused to be published by the REIT Manager in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Business Day next following such lapse.

In the above situation, all application monies will be returned to applicants, without interest and on the terms set out in the section headed “How to apply for Hong Kong Public Offering Units” in this Offering Circular. In the meantime, all application monies will be held in a separate bank account or separate bank accounts with a receiving bank or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Unit certificates are expected to be issued by Wednesday, December 4, 2013 but will only become valid at 8:00 a.m. on Thursday, December 5, 2013 provided that: (a) the Global Offering has become unconditional in all respects; and (b) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Grounds for Termination by the Hong Kong Underwriters” has not been exercised.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offer (subject to satisfaction or waiver of the conditions described in the sub-section above headed “Conditions of the Hong Kong Public Offering”) for the subscription in Hong Kong of, initially, 43,950,000 New

STRUCTURE OF THE GLOBAL OFFERING

Units (representing approximately 10% of the total number of Units initially available under the Global Offering) at the Offer Price.

The total number of Hong Kong Public Offering Units available under the Hong Kong Public Offering will initially be divided equally into two pools for allocation purposes: Pool A and Pool B. All valid applications that have been received for Hong Kong Public Offering Units with a total subscription amount (excluding brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy payable thereon) of HK\$5 million or below will fall into Pool A (and Hong Kong Public Offering Units will be allocated on an equitable basis to successful applicants within this pool) and all valid applications that have been received for Hong Kong Public Offering Units with a total subscription amount (excluding brokerage, Hong Kong Stock Exchange trading fee and SFC transaction levy payable thereon) of more than HK\$5 million will fall into Pool B (and Hong Kong Public Offering Units will be allocated on an equitable basis to successful applicants within this pool). The number of Hong Kong Public Offering Units comprised in each of Pool A and Pool B will be divided equally between the two pools.

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. Where either of the pools is undersubscribed, the surplus Hong Kong Public Offering Units will be transferred to satisfy demand in the other Pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Public Offering Units from Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than half of the Hong Kong Public Offering Units initially available under the Hong Kong Public Offering (that is, 21,975,000 Hong Kong Public Offering Units) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any International Offering Units under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be.

The final number of Hong Kong Public Offering Units comprised in the Hong Kong Public Offering, Pool A and Pool B, respectively, will, following the determination by the Sole Global Coordinator, be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Wednesday, December 4, 2013 with the announcement of the Offer Price, the level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering, and the basis of allocations of the Hong Kong Public Offering Units.

The allocation of Units between the Hong Kong Public Offering and the International Offering is subject to adjustment by the Sole Global Coordinator.

If the number of the Units validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Units initially available under the Hong Kong Public Offering, then Units will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Units available under the Hong Kong Public Offering will be at least 131,850,000 Units (comprising 98,000,000 New Units to be issued and offered by Spring REIT and 33,850,000 Sale Units to be sold by the Selling Unitholder and representing at least 30% of the Units initially available under the Global Offering). If the number of Units validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Units initially

STRUCTURE OF THE GLOBAL OFFERING

available under the Hong Kong Public Offering, then the number of Units to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Units available under the Hong Kong Public Offering will be at least 175,800,000 Units (comprising 98,000,000 New Units to be issued and offered by Spring REIT and 77,800,000 Sale Units to be sold by the Selling Unitholder and representing at least 40% of the Units initially available under the Global Offering). If the number of Units validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Units initially available under the Hong Kong Public Offering, then the number of Units to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Units available under the Hong Kong Public Offering will be at least 219,750,000 Units (comprising 98,000,000 New Units to be issued and offered by Spring REIT and 121,750,000 Sale Units to be sold by the Selling Unitholder and representing at least 50% of the Units initially available under the Global Offering).

In addition, the Sole Global Coordinator may reallocate Units from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Offering and, in the event of an under-subscription in the Hong Kong Public Offering, the Sole Global Coordinator will have the discretion to reallocate to the International Offering such number of unsubscribed Hong Kong Public Offering Units as it may deem appropriate.

The REIT Manager, the Directors and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have received Units in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Units in the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

A total of 395,550,000 Units, comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 54,050,000 New Units to be issued and offered by Spring REIT, will initially be available to investors under the International Offering. These 395,550,000 Units represent approximately 90% of the Units available under the Global Offering (before taking into account any exercise of the Over-allotment Option). Pursuant to the International Offering, the International Offering Units will be offered solely to institutional, professional and other investors by the International Underwriters or through selling agents appointed by them. International Offering Units will be offered to and placed with professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offering Units in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S.

In addition, the International Offering Units may be reallocated to the Hong Kong Public Offering in the case of over-subscription under the Hong Kong Public Offering as set out in the sub-section headed “The Hong Kong Public Offering” above.

OVER-ALLOTMENT OPTION AND STABILIZATION

The Over-allotment Option

The Selling Unitholder expects to grant to the International Underwriters the Over-allotment Option, which will be exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) in whole or in part at one or more times from the Listing Date until 30 days after the last day for lodging of applications under the Hong Kong Public Offering.

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Pursuant to the Over-allotment Option, the Selling Unitholder may be required to sell up to an aggregate of 65,925,000 additional Sale Units, representing not more than 15% of the number of Units initially available under the Global Offering, at the Offer Price, to cover, among other things, over-allocation in the International Offering, if any. In the event that the Over-allotment Option is exercised, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of Spring REIT at www.springreit.com.

Stabilizing Action

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it) on behalf of the Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Units at a level higher than that which might otherwise prevail for a period of 30 days after the last day for lodging applications under the Hong Kong Public Offering. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to do this. Such transactions, if commenced, may be discontinued at any time and are required to be brought to an end upon expiry of such 30-day period. The Stabilizing Manager has been or will be appointed as stabilizing manager for the purposes of the Global Offering and will conduct any stabilizing activities, if any, on a basis as disclosed in this sub-section headed “Over-allotment Option and Stabilization” and equivalent to that required under the Securities and Futures (Price Stabilizing) Rules made under the SFO and, should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager.

Following any over-allocation of Units in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allotment by (among other methods) making purchases in the secondary market for a period of 30 days after the last day for lodging applications under the Hong Kong Public Offering, exercising the Over-allotment Option in full or in part, making unit borrowing arrangements or by any combination of the above. Any such secondary market purchases will be made in compliance with all applicable laws and regulatory requirements and on a basis consistent with the Securities and Futures (Price Stabilizing) Rules made under the SFO as if those rules were directly applicable. The number of Units which can be over-allocated will not exceed the number of Units under the Over-allotment Option, being 65,925,000 Sale Units representing approximately but not more than 15% of the Units initially available under the Global Offering.

In order to facilitate settlement of over-allocations in connection with the International Offering, the Stabilizing Manager is expected to enter into a Unit Borrowing Agreement with the Selling Unitholder. Under the Unit Borrowing Agreement, the Selling Unitholder is expected to agree with the Stabilizing Manager that it will, if requested by the Stabilizing Manager and subject to the terms of the Unit Borrowing Agreement, make available to the Stabilizing Manager up to 65,925,000 Units by way of unit lending, in order to cover over-allocations in connection with the International Offering.

The possible stabilizing action which may be taken by the Stabilizing Manager in connection with the Global Offering may involve, among other things: (a) over-allotment of Units for the purpose of preventing or minimizing any reduction in the market price of the Units; (b) selling or agreeing to sell Units so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Units; (c) borrowing Units or exercising the Over-allotment Option in order to close out any position

STRUCTURE OF THE GLOBAL OFFERING

established under (a) or (b) above; (d) purchasing or agreeing to purchase Units for the sole purpose of preventing or minimizing any reduction in the market price of the Units; (e) selling or agreeing to sell Units purchased by the Stabilizing Manager in the course of primary stabilizing action in order to liquidate a long position established as a result of those purchases; and (f) offering or attempting to do any of the foregoing.

Specifically, prospective applicants for and investors in Units should note that:

- the Stabilizing Manager may, in connection with the stabilizing action, maintain a long position in the Units. There is no certainty regarding the extent to which and the time period for which the Stabilizing Manager will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the Units;
- no stabilizing action will be taken to support the price of the Units for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire at the end of December 28, 2013, being the day which is expected to be the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Units, demand for the Units, and therefore the price of the Units, could fall;
- the price of any security (including the Units) cannot be assured to stay at or above its offer price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Units.

These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Units. As a result, the price of the Units may be higher than the price that otherwise might exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the Units staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Units by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Units by investors in the Global Offering.

The REIT Manager will ensure or procure that a public announcement, on a basis consistent with the Securities and Futures (Price Stabilizing) Rules as if those rules were directly applicable, will be made within seven days of the expiration of the stabilizing period.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, December 5, 2013, it is expected that dealings in the Units on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, December 5, 2013.

The Units will be traded in board lots of 1,000 Units each and the stock code of the Units will be 01426.

EXPERTS

Various experts have issued reports and/or letters and/or certificates for inclusion in this Offering Circular. 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 Listing Agent have each given and have not withdrawn their respective written consents to the issue of this Offering Circular 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 Listing Date to December 31, 2013 as set out in the section headed “Profit Forecast” in this Offering Circular.

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 Listing Agent was responsible for considering whether the profit forecast set out in the section headed “Profit Forecast” in this Offering Circular was made by the REIT Manager after due and careful enquiry.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

1. HOW TO APPLY

If you apply for Hong Kong Public Offering Units, then you may not apply for or indicate an interest in International Offering Units.

To apply for Hong Kong Public Offering Units, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the website of the **White Form eIPO** Service Provider at www.eipo.com.hk; or
- **electronically** cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application (whether individually or jointly), except where you are a nominee and provide the required information in your application.

The REIT Manager, the Trustee, RCA Fund, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offering Units on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply for Hong Kong Public Offering Units online through the **White Form eIPO** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the REIT Manager, the Trustee, RCA Fund and the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four. Corporation or joint applicants may not apply by means of **White Form eIPO** service for the Hong Kong Public Offering Units.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

3. APPLYING FOR HONG KONG PUBLIC OFFERING UNITS

Which Application Channel to Use

For Hong Kong Public Offering Units to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Public Offering Units to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or **electronically** instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

No money shall be paid to any intermediary in Hong Kong who is not licensed to carry on Type 1 regulated activity under Part V of the SFO.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and an Offering Circular during normal business hours from 9:00 a.m. on Monday, November 25, 2013 to 12:00 noon on Thursday, November 28, 2013 from:

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

or any of the following branches of Bank of China (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited:

Bank of China (Hong Kong) Limited

| | Branch | Address |
|----------------------------|---|--|
| Hong Kong Island | Bank of China Tower Branch | 3/F, 1 Garden Road |
| | Sheung Wan Branch | 252 Des Voeux Road Central |
| | Central District (Wing On House) Branch | 71 Des Voeux Road Central |
| | United Centre Branch | Shop 1021, United Centre, 95 Queensway |
| | Lee Chung Street Branch | 29-31 Lee Chung Street, Chai Wan |
| Kowloon | Yau Ma Tei Branch | 471 Nathan Road, Yau Ma Tei |
| | Whampoa Garden Branch | Shop G8B, Site 1, Whampoa Garden, Hung Hom |
| New Territories | Yuen Long (Hang Fat Mansion) Branch | 8-18 Castle Peak Road, Yuen Long |
| | Ma On Shan Plaza Branch | Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan |

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

Standard Chartered Bank (Hong Kong) Limited

| | Branch | Address |
|----------------------------|-------------------------|--|
| Hong Kong Island | 88 Des Voeux Road | 88 Des Voeux Road, Central, Hong Kong |
| | Yun Ping Road | G/F to 2/F, Fortune Centre, 44-48 Yun Ping Road, Causeway Bay, Hong Kong |
| | Quarry Bay | G/F, Westlands Gardens, 1027 King's Road, Quarry Bay, Hong Kong |
| Kowloon | Kwun Tong Hoi Yuen Road | G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon |
| | Mongkok | Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok, Kowloon |
| | Mei Foo Manhattan | Shop Nos.07 & 09, Ground Floor, Mei Foo Plaza, Mei Foo Sun Chuen |
| New Territories | New Town Plaza | Shop 215, 222 & 223, Phase 1, New Town Plaza, Shatin |

You can collect a **YELLOW** Application Form and an Offering Circular during normal business hours from 9:00 a.m. on Monday, November 25, 2013 to 12:00 noon on Thursday, November 28, 2013 from the Depository Counter of HKSCC at 2/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to Bank of China (Hong Kong) Nominees Limited — Spring REIT Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Monday, November 25, 2013: 9:00 a.m. to 5:00 p.m.
- Tuesday, November 26, 2013: 9:00 a.m. to 5:00 p.m.
- Wednesday, November 27, 2013: 9:00 a.m. to 5:00 p.m.
- Thursday, November 28, 2013: 9:00 a.m. to 12:00 noon

The application lists will be open until 12:00 noon on Thursday, November 28, 2013, the last application day, or such later time as described in "Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully otherwise your application may be rejected.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** service, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorize the REIT Manager, the Trustee, RCA Fund and/or the Sole Global Coordinator (or their agents or nominees) to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offering Units allocated to you in your name or in the name of HKSCC Nominees as required by the Trust Deed;
- (b) agree to comply with the Trust Deed;
- (c) confirm that you have read the terms and conditions and application procedures set out in this Offering Circular and in the Application Form and agree to be bound by them;
- (d) confirm that you have received and read this Offering Circular and have only relied on the information and representations contained in this Offering Circular in making your application and will not rely on any other information or representations except those in any supplement to this Offering Circular;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this Offering Circular;
- (f) agree that none of the REIT Manager, the Trustee, RCA Fund, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Offering Circular (and any supplement to it);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any Offer Units under the International Offering nor participated in the International Offering;
- (h) agree to disclose to the REIT Manager, the Trustee, RCA Fund, the Hong Kong Unit Registrar, the receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the REIT Manager, the Trustee, RCA Fund, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisors will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Offering Circular and the Application Form;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offering Units have not been and will not be registered under the U.S. Securities

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

Act and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offering Units are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Public Offering Units applied for, or any lesser number allocated to you under the application;
- (o) authorize (i) the REIT Manager and the Trustee to place your name(s) or the name of HKSCC Nominees on the register of Unitholders as the holder(s) of any Hong Kong Public Offering Units allocated to you and such other registers as required under the Trust Deed and (ii) the REIT Manager and the Trustee and/or their respective agents to send any Unit certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Unit certificate(s) and/or refund check(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that the REIT Manager, the Trustee, RCA Fund and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Public Offering Units to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for **YELLOW** Application Forms

You should refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE **WHITE FORM** eIPO SERVICE

General

Individuals who meet the criteria in the paragraph above headed “Who can apply”, may apply through the **White Form eIPO** service for the Offer Units to be allocated and registered in their own names through the designated website at www.eipo.com.hk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the REIT Manager and the Trustee. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this Offering Circular, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Minimum Purchase Amount and Permitted Numbers

You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Public Offering Units. Instructions for more than 1,000 Hong Kong Public Offering Units must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offering Units will be considered and any such application is liable to be rejected.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Monday, November 25, 2013 to 12:00 noon on Thursday, November 28, 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, November 28, 2013 or such later time under the “Effect of Bad Weather on the Opening and Closing of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offering Units, an actual application will be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 per each “Spring Real Estate Investment Trust” **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offering Units and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect an Offering Circular from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offering Units on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the REIT Manager, the Sole Global Coordinator and the Hong Kong Unit Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offering Units and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this Offering Circular; and
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Public Offering Units to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Public Offering Units applied for or any lesser number allocated;

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

- undertake and confirm that you have not applied for, taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offering Units nor participated in the International Offering;
- declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as its agent;
- confirm that you understand that the REIT Manager, the Trustee, RCA Fund, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Public Offering Units to you and that you may be prosecuted for making a false declaration;
- authorize the REIT Manager and the Trustee to place HKSCC Nominees' name on the register of Unitholders as the holder of the Hong Kong Public Offering Units allocated to you and such other registers as required under the Trust Deed, and dispatch Unit certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the REIT Manager, the Trustee and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this Offering Circular and agree to be bound by them;
- confirm that you have received and read a copy of this Offering Circular and have relied only on the information and representations in this Offering Circular in causing the application to be made and will not rely on any other information or representations except those in any supplement to this Offering Circular;
- agree that none of the REIT Manager, the Trustee, RCA Fund, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Offering Circular (and any supplement to it);
- agree to disclose to the REIT Manager, the Trustee, RCA Fund, the Hong Kong Unit Registrar, the receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisors and agents any personal data which they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the REIT Manager and the Trustee and to become binding when you give

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the instructions and such collateral contract to be in consideration of the REIT Manager and the Trustee agreeing that they will not offer any Hong Kong Public Offering Units to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Offering Circular. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for the contents of this Offering Circular gives a public notice under that section which excludes or limits that person's responsibility for this Offering Circular;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Public Offering Units;
- agree with the REIT Manager and the Trustee, for themselves and for the benefit of each Unitholder (and so that the REIT Manager and the Trustee will be deemed by their acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for themselves and on behalf of each of Unitholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Trust Deed; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the REIT Manager, the Trustee or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offering Units on your behalf;
- instructed and authorized HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

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- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Offering Circular.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Public Offering Units. Instructions for more than 1,000 Hong Kong Public Offering Units must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offering Units will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, November 25, 2013: 9:00 a.m. to 8:30 p.m.⁽¹⁾.
- Tuesday, November 26, 2013: 8:00 a.m. to 8:30 p.m.⁽¹⁾.
- Wednesday, November 27, 2013: 8:00 a.m. to 8:30 p.m.⁽¹⁾.
- Thursday, November 28, 2013: 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, November 25, 2013 to 12:00 noon on Thursday, November 28, 2013 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, November 28, 2013, the last day for applications or such later time as described in “Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offering Units applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offering Units for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offering Units given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the REIT Manager, the Trustee, RCA Fund, the Hong Kong Unit Registrar, the receiving banks, the Sole Global Coordinator, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Public Offering Units by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offering Units through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The REIT Manager, the Trustee, RCA Fund, the Directors, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Public Offering Units.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, November 28, 2013 the last day for applications, or such later time as described in "Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offering Units are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees", you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;

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- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFERING UNITS

The Maximum Offer Price is HK\$4.03 per Unit. You must also pay brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 Units, you will pay HK\$4,070.62.

You must pay the Maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for Units under the terms set out in the Application Forms.

The Application Forms have tables showing the exact amount payable for the number of Units that may be applied for.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Public Offering Units. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Public Offering Units must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Hong Kong Stock Exchange trading fee will be paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal no. 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 28, 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, November 28, 2013 or if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, in this Offering Circular, an announcement will be made in such event.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

11. PUBLICATION OF RESULTS

The REIT Manager expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Public Offering Units on Wednesday, December 4, 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of Spring REIT at www.springreit.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the website of Spring REIT at www.springreit.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk by no later than Wednesday, December 4, 2013;
- from the designated results of allocations website at www.iporeresults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, December 4, 2013 to 12:00 midnight on Tuesday, December 10, 2013;
- from the allocation results telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. on Wednesday, December 4, 2013 to Saturday, December 7, 2013; and
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, December 4, 2013 to Friday, December 6, 2013 at all the receiving bank branches and sub-branches.

If the REIT Manager accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offering Units if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in the section headed “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER UNITS

You should note the following situations in which the Hong Kong Public Offering Units will not be allocated to you:

- (i) If the REIT Manager, the Trustee, RCA Fund, the Sole Global Coordinator, the White Form eIPO Service Provider or their agents exercise their discretion to reject your application:**

The REIT Manager, the Trustee, RCA Fund, the Sole Global Coordinator, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

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(ii) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offering Units and International Offering Units;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the REIT Manager, the Trustee, RCA Fund or the Sole Global Coordinator believe that, by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offering Units initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price of HK\$4.03 per Unit (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Hong Kong Public Offering as set out in "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, December 4, 2013.

14. DISPATCH/COLLECTION OF UNIT CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Unit certificate for all Hong Kong Public Offering Units allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Unit certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Units. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form,

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Unit certificate(s) for all the Hong Kong Public Offering Units allocated to you (for **YELLOW** Application Forms, Unit certificates will be deposited into CCASS as described below); and
- refund check(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offering Units, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the Maximum Offer Price paid on application in the event that the Offer Price is less than the Maximum Offer Price paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number / passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check.

Subject to arrangement on dispatch/collection of Unit certificates and refund checks as mentioned below, any refund checks and Unit certificates are expected to be posted on or before Wednesday, December 4, 2013. The right is reserved to retain any Unit certificate(s) and any surplus application monies pending clearance of check(s) or banker’s cashier order(s).

Unit certificates will only become valid at 8:00 a.m. on Thursday, December 5, 2013 provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Units on the basis of publicly available allocation details or prior to the receipt of Unit certificates or the Unit certificates becoming valid do so entirely at their own risk.

Personal Collection

(i) If you apply using a **WHITE** Application Form

If you apply for 1,000,000 or more Hong Kong Public Offering Units and have provided all information required by your Application Form, you may collect your refund check and/or Unit certificate(s) from the Hong Kong Unit Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 4, 2013 or such other date as notified by the REIT Manager in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must provide a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Unit Registrar.

If you do not personally collect your refund check and/or Unit certificate(s) (where applicable) within the time specified for collection, they will be dispatched promptly to you at the address specified in your Application Form by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

If you apply for less than 1,000,000 Hong Kong Public Offering Units, your refund check and/or Unit certificate(s) (where applicable) will be sent to the address specified in your Application Form on Wednesday, December 4, 2013, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offering Units or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offering Units, your refund check(s) will be sent to the address specified in your relevant Application Form on Wednesday, December 4, 2013, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Unit certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or your designated CCASS Participant's stock account as stated in your Application Form on Wednesday, December 4, 2013 or, in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS Investor Participant)**

For Hong Kong Public Offering Units credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offering Units allocated to you with that CCASS Participant.

- **If you are applying as a CCASS Investor Participant**

The REIT Manager expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Wednesday, December 4, 2013 in the manner described in "Publication of Results" above. You should check the announcement published by the REIT Manager and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 4, 2013 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offering Units to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System. HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offering Units credited to your CCASS Investor Participant stock account.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Public Offering Units or more and your application is wholly or partially successful, you may collect your Unit certificate(s) (where applicable) in person from the Hong Kong Unit Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 4, 2013 or any other place or date as notified by the REIT Manager in the newspapers.

If you do not personally collect your Unit certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offering Units, your Unit certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, December 4, 2013 by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

(iv) If you apply by giving electronic application instructions to HKSCC via CCASS

Allocation of Hong Kong Public Offering Units

For the purposes of allocating Hong Kong Public Offering Units, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Unit Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Unit certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, December 4, 2013, or, on any other date determined by HKSCC or HKSCC Nominees.
- The REIT Manager expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the REIT Manager will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner as described in "Publication of Results" above on Wednesday, December 4, 2013. You should check the announcement published by the REIT Manager and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 4, 2013 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offering Units allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offering Units allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System on Wednesday, December 4, 2013. Immediately following the credit of the Hong Kong Public Offering Units to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offering Units credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Unit initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee

HOW TO APPLY FOR HONG KONG PUBLIC OFFERING UNITS

but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, December 4, 2013.

15. ADMISSION OF THE UNITS INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Units and the REIT Manager complies with the stock admission requirements of HKSCC, the Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Units to be admitted into CCASS.

DEFINITIONS

TECHNICAL TERMS

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set out below:

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|------------------------------------|--|
| Adjustments | has the meaning given to it in the section headed “Distribution Policy” in this Offering Circular. |
| Annual Distributable Income | has the meaning given to it in the section headed “Distribution Policy” in this Offering Circular. |
| 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 |

TECHNICAL TERMS

| | |
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| | 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 |

TECHNICAL TERMS

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.

GENERAL TERMS

In this Offering Circular, 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 Listing Rules and all other law, rules and regulations applicable to Spring REIT. |
| Application Form(s) | means the WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or where the context so requires, any of them. |
| 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 Offering Circular. |
| 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 |

GENERAL TERMS

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| | 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. |
| CCASS | means the Central Clearing and Settlement System established and operated by HKSCC. |
| CCASS Clearing Participant | means a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant. |
| CCASS Custodian Participant | means a person admitted to participate in CCASS as a custodian participant. |
| CCASS Investor Participant | means a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation. |
| CCASS Participant | means a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant. |
| 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 Listing Date. |
| 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

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| 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. |
| e-Refund | means the refund monies to be dispatched by the designated White Form eIPO Service Provider to the application payment account of investors who apply using the White Form eIPO service and pay the application monies from a single bank account. Such refund monies will not be subject to any additional fees or charges by the White Form eIPO Service Provider. |
| Executive Officers | means the executive officers of the REIT Manager as of the date of this Offering Circular. |
| FY2013 Distribution Period | means the period from the Listing Date to December 31, 2013. |
| Global Offering | means the Hong Kong Public Offering and the International Offering. |
| GREEN Application Form(s) | the application form(s) to be completed by the White Form eIPO Service Provider. |
| 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. |
| HKEx | means Hong Kong Exchanges and Clearing Limited. |
| HKSAR Government | means the Government of the Hong Kong Special Administrative Region. |
| HKSCC | means Hong Kong Securities Clearing Company Limited. |

GENERAL TERMS

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| HKSCC Nominees | means HKSCC Nominees Limited. |
| Hong Kong | means the Hong Kong Special Administrative Region of the PRC. |
| Hong Kong Public Offering | means the offer of Units to the public in Hong Kong at the Offer Price, on and subject to the terms and conditions described in this Offering Circular and the Application Forms. |
| Hong Kong Public Offering Units | means the 43,950,000 New Units initially being offered by Spring REIT pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this Offering Circular). |
| Hong Kong Stock Exchange | means The Stock Exchange of Hong Kong Limited or any successor thereto. |
| Hong Kong Underwriters | means the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting—Hong Kong Underwriters” in this Offering Circular. |
| Hong Kong Underwriting Agreement | means the underwriting agreement to be entered into on or around November 22, 2013 relating to the Hong Kong Public Offering and entered into by and among the REIT Manager, RCA Fund, AD Capital, the Sole Global Coordinator and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this Offering Circular. |
| Hong Kong Unit Registrar | means Computershare Hong Kong Investor Services Limited. |
| 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. |
| International Offering | means the offer of International Offering Units for cash at the Offer Price solely to institutional, professional and other investors as further described in the section headed “Structure of the Global Offering” in this Offering Circular. |

GENERAL TERMS

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| International Offering Units | means the 395,550,000 Units (comprising 341,500,000 Sale Units to be sold by the Selling Unitholder and 54,050,000 New Units to be issued and offered by Spring REIT and subject to reallocation) initially available to investors in the International Offering and up to an additional 65,925,000 Sale Units to be sold by the Selling Unitholder pursuant to the Over-allotment Option. |
| International Underwriters | means the group of underwriters of the International Offering. |
| International Underwriting Agreement | means the underwriting agreement relating to the International Offering expected to be entered into on or around Friday, November 29, 2013 by and among the REIT Manager, RCA Fund, AD Capital, the Sole Global Coordinator and the International Underwriters, as further described in the section headed “Underwriting” in this Offering Circular. |
| IPO | means the initial public offering of the Units in Hong Kong. |
| Issue Price | means the price at which new Units may be issued pursuant to the Trust Deed. |
| Joint Bookrunners and Joint Lead Managers | means Credit Suisse (Hong Kong) Limited and Mizuho Securities Asia Limited. |
| 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 Offering Circular. |
| Listing | means the listing of the Units on the Main Board of the Hong Kong Stock Exchange. |
| Listing Agent | means Credit Suisse (Hong Kong) Limited. |
| Listing Agreement | means the agreement entered into between the Trustee, the REIT Manager (as an operator of a collective investment scheme) and the Hong Kong Stock Exchange in relation to the post-regulatory regime applicable to Spring REIT. |
| Listing Date | means the date, expected to be on Thursday, December 5, 2013, on which the Units are first listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange. |
| Listing Rules | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. |
| Main Board | means the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange. |

GENERAL TERMS

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| MaplesFS | means MaplesFS Limited, a company incorporated as an exempted company with limited liability in the Cayman Islands. |
| Maximum Offer Price | means the maximum price of HK\$4.03 per Unit payable in full by applicants under the Hong Kong Public Offering (exclusive of brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%). |
| Minimum Offer Price | means the expected minimum price of HK\$3.81 per Unit payable in full by applicants under the Hong Kong Public Offering (exclusive of brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%). |
| New Units | means 98,000,000 Units to be issued and offered by Spring REIT at the Offer Price under the Global Offering. |
| Offer Price | means the final Hong Kong dollar price per Unit (exclusive of brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%) at which the Units are to be issued and allotted pursuant to the Global Offering, to be determined as further described in the section headed “Structure of the Global Offering” in this Offering Circular. |
| Offering Circular | means this offering circular issued in connection with the initial public offering and listing of the Units on the Main Board of the Hong Kong Stock Exchange. |
| 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. |
| Over-allotment Option | means the option to be granted by RCA Fund to the International Underwriters pursuant to the International Underwriting Agreement to require RCA Fund to sell at the Offer Price up to 65,925,000 Sale Units, representing 15% of the total number of Units under the Global Offering, to be offered to investors as part of the International Offering to, among other things, cover the over-allocations of Units, if any. |
| PBOC | means People’s Bank of China. |
| PRC or China | means The People’s Republic of China excluding, for the purposes of this Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. |

GENERAL TERMS

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| PRC Government | means The Government of PRC. |
| PRC Legal Advisor | means Zhong Lun Law Firm. |
| Price Determination Date | means the date, expected to be on Friday, November 29, 2013, on which the Offer Price is determined for the purposes of the Global Offering. |
| Profit Forecast Period | means the period from the Listing Date 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 |

GENERAL TERMS

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.

Regulation S

means Regulation S under the U.S. Securities Act.

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.

**REIT Manager Connected
Persons Group**

the REIT Manager as well as controlling entities, holding companies, subsidiaries and associated companies of the REIT Manager within the meaning of the REIT Code and the Directors, senior executives and officers of the REIT Manager and their respective associates (as defined in the REIT Code).

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.

GENERAL TERMS

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| 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. |
| Sale Units | means Units to be sold by the Selling Unitholder at the Offer Price under the Global Offering. |
| 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. |
| Sole Global Coordinator | means Credit Suisse (Hong Kong) Limited. |
| 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. |
| Stabilizing Manager | means Credit Suisse (Hong Kong) Limited. |
| 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. |

GENERAL TERMS

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| 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 Connected Persons | include (a) a director, a senior executive or an officer of the Trustee, (b) an associate of the persons in (a), and (c) a controlling entity, holding company, subsidiary or associated company of the Trustee. |
| Trustee Ordinance | means the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong), as amended, supplemented or otherwise modified for the time being. |
| Underwriters | means the Hong Kong Underwriters and the International Underwriters. |
| Underwriting Agreements | means the Hong Kong Underwriting Agreement and the International Underwriting Agreement. |
| Unit | means a unit of Spring REIT. |
| Unit Borrowing Agreement | means the unit borrowing agreement expected to be entered into on or about the Price Determination Date between RCA Fund and the Sole Global Coordinator. |
| 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. |
| U.S. Securities Act | means the United States Securities Act of 1933, as amended. |
| Valuation Report | means the valuation report produced by the Independent Property Valuer, as set out in Appendix IV to this Offering Circular. |

GENERAL TERMS

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| 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. |
| White Form eIPO | means the application for the Hong Kong Public Offering Units to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk . |
| White Form eIPO Service Provider | means Computershare Hong Kong Investor Services Limited. |
| 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 Offering Circular. It is prepared and addressed to the directors of the REIT Manager and to the Listing Agent pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

November 25, 2013

The Directors

Spring Asset Management Limited (as manager of Spring REIT)

Credit Suisse (Hong Kong) Limited

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 the Proposed Listing as defined below, 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 Offering Circular dated November 25, 2013 (the "Offering Circular") in connection with the initial listing of units of Spring REIT on the Main Board of The Stock Exchange of Hong Kong Limited pursuant to the Code on Real Estate Investment Trusts (the "Proposed Listing").

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.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

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 Offering Circular 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 Offering Circular 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

| | Note | 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 | 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 | | <u>99,166</u> | <u>183,635</u> | <u>194,378</u> | <u>112,223</u> | <u>52,266</u> |

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: | | | | | |
| <i>Items that will not be reclassified</i> | | | | | |
| <i>subsequently to profit or loss</i> | | | | | |
| 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, | | | As at |
|---|------|--------------------|------------------|------------------|------------------|
| | | 2010 | 2011 | 2012 | June 30, |
| | | US\$'000 | US\$'000 | US\$'000 | 2013 |
| | | | | | 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 |
| | | <u>797,057</u> | <u>998,122</u> | <u>1,186,859</u> | <u>1,255,543</u> |
| 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 |
| | | <u>51,279</u> | <u>63,656</u> | <u>79,928</u> | <u>79,284</u> |
| Total assets | | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| 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 | | <u>362,610</u> | <u>569,442</u> | <u>766,047</u> | <u>803,255</u> |
| 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 | — |
| | | <u>19,779</u> | <u>19,993</u> | <u>500,740</u> | <u>31,037</u> |
| Total liabilities | | <u>485,726</u> | <u>492,336</u> | <u>500,740</u> | <u>531,572</u> |
| Total equity and liabilities | | <u>848,336</u> | <u>1,061,778</u> | <u>1,266,787</u> | <u>1,334,827</u> |
| Net current assets/(liabilities) | | <u>31,500</u> | <u>43,663</u> | <u>(420,812)</u> | <u>48,247</u> |
| Total assets less current liabilities ... | | <u>828,557</u> | <u>1,041,785</u> | <u>766,047</u> | <u>1,303,790</u> |

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, | | | Six months ended June 30, | |
|---|------|-------------------------|-----------------|-----------------|---------------------------|-----------------|
| | | 2010 | 2011 | 2012 | 2012 | 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 | | <u>31,463</u> | <u>34,575</u> | <u>39,509</u> | <u>18,947</u> | <u>27,063</u> |
| 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 | | <u>(3,862)</u> | <u>(12,552)</u> | <u>(3,535)</u> | <u>(2,834)</u> | <u>(3,234)</u> |
| 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 | | <u>(21,675)</u> | <u>(25,851)</u> | <u>(25,998)</u> | <u>(11,095)</u> | <u>(15,232)</u> |
| 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 | | <u>5,927</u> | <u>2,099</u> | <u>12,076</u> | <u>7,117</u> | <u>20,675</u> |

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 the Proposed Listing.

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 US\$'000 | Between 1 and 2 years US\$'000 | Between 2 and 5 years 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 | | | | Fair value hierarchy |
|--|-------------------|-------------------|-------------------|---------------|----------------------|
| | December 31, 2010 | December 31, 2011 | December 31, 2012 | June 30, 2013 | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | |
| Asset | | | | | |
| Derivative financial instruments | 6,443 | 4,613 | — | 2,043 | Level 2 |
| | <u>6,443</u> | <u>4,613</u> | <u>—</u> | <u>2,043</u> | |
| | | | | | |

(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 | US\$'000 |
| | | | | (Unaudited) | |
| 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 |
| | <u>37,191</u> | <u>44,692</u> | <u>52,903</u> | <u>24,829</u> | <u>30,510</u> |

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 | US\$'000 |
| | | | | (Unaudited) | |
| 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 | <u>(11,691)</u> | <u>(12,425)</u> | <u>(13,630)</u> | <u>(6,468)</u> | <u>(7,755)</u> |

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 | <u>(272)</u> | <u>(303)</u> | <u>(226)</u> | <u>(67)</u> | <u>(2,037)</u> |

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 the Proposed Listing 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) |
| | <u>(13,777)</u> | <u>(1,025)</u> | <u>(7,520)</u> | <u>(3,749)</u> | <u>(5,158)</u> |

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) |
| | <u>(34,498)</u> | <u>(5,977)</u> | <u>(27,575)</u> | <u>(15,846)</u> | <u>(9,394)</u> |

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 | <u>790,614</u> | <u>993,509</u> | <u>1,186,859</u> | <u>1,253,500</u> |

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 |
|-------------------------|--------------------|--------------|----------|--------------|
| | 2010 | 2011 | 2012 | June 30, |
| | US\$'000 | US\$'000 | US\$'000 | 2013 |
| Non-current assets | | | | US\$'000 |
| Interest rate cap | 2,872 | 307 | — | 2,043 |
| Currency option | 3,571 | 4,306 | — | — |
| Total | <u>6,443</u> | <u>4,613</u> | <u>—</u> | <u>2,043</u> |

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 | — | — |
| | <u>3,113</u> | <u>1,309</u> | <u>1,817</u> | <u>2,693</u> |

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 | — | — | — |
| | <u>465</u> | <u>56</u> | <u>2</u> | <u>116</u> |

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 | — | — | — | — |
| | <u>39</u> | <u>56</u> | <u>2</u> | <u>116</u> |

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 | — | — | — |
| | <u>426</u> | <u>—</u> | <u>—</u> | <u>—</u> |

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 | <u>426</u> | <u>—</u> | <u>—</u> | <u>—</u> |

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 | <u>5,927</u> | <u>2,099</u> | <u>12,076</u> | <u>20,675</u> |
| | <u>36,183</u> | <u>36,881</u> | <u>49,031</u> | <u>76,591</u> |

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 |
| | <u>36,183</u> | <u>36,881</u> | <u>49,031</u> | <u>76,591</u> |

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 | <u>36,183</u> | <u>36,881</u> | <u>49,031</u> | <u>76,591</u> |

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 |
| | <u>7,333</u> | <u>5,371</u> | <u>6,914</u> | <u>11,723</u> |

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 | <u>12,446</u> | <u>14,622</u> | <u>16,652</u> | <u>19,314</u> |

- (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 | <u>465,947</u> | <u>472,343</u> | <u>477,174</u> | <u>500,535</u> |

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 | <u>465,947</u> | <u>472,343</u> | <u>477,174</u> | <u>500,535</u> |

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 |
|--|--------------------|----------------|----------------|----------------|
| | 2010 | 2011 | 2012 | June 30, |
| | US\$'000 | US\$'000 | US\$'000 | 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 |
| | <u>50</u> | <u>50</u> | <u>50</u> | <u>50</u> |
| 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 |
| | <u>151,077</u> | <u>158,793</u> | <u>159,182</u> | <u>161,934</u> |

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 |
| | <u>31,266</u> | <u>34,381</u> | <u>39,185</u> | <u>18,779</u> | <u>26,875</u> |

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 |
| | <u>95,236</u> | <u>88,685</u> | <u>100,553</u> | <u>138,051</u> |

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

| Note | 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 |
| Rental revenue from ADC | | | | | |
| BJ (i) | — | 18 | 109 | 54 | 56 |
| Rental revenue from BDIC ... (ii) | <u>21</u> | <u>43</u> | <u>44</u> | <u>22</u> | <u>23</u> |

(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) | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>1,824</u> |

(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) (iv) | 11,983 | 25,466 | 29,080 | — |
| Lease deposit from ADC BJ (vi) | — | 34 | 34 | 34 |
| Lease deposit from BDIC (vii) | <u>14</u> | <u>14</u> | <u>14</u> | <u>14</u> |

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

A. UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION OF SPRING REIT

The following tables set out, for illustrative purposes only, unaudited pro forma statements of financial position of Spring Real Estate Investment Trust ("Spring REIT") as at June 30, 2013 based on the Maximum Offer Price and Minimum Offer Price.

The unaudited pro forma statements of financial position have been prepared based on the audited statement of financial position of RCA01 as at June 30, 2013 as set out in Appendix I to the Offering Circular, and to show the effect of (i) the acquisition of the entire equity interest in RCA01 by Spring REIT, (ii) the issuance of the New Units pursuant to the Global Offering, and (iii) the repayment of US\$49,431,000 and US\$46,733,000 of the Term Loan Facility as if they had taken place on June 30, 2013 based on the Maximum and Minimum Offer Price, respectively.

The unaudited pro forma statements of financial position have been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of Spring REIT had the above transactions been completed at June 30, 2013 or to give a true picture of the financial position of Spring REIT as at June 30, 2013 or any future date.

APPENDIX II
**UNAUDITED PRO FORMA STATEMENTS OF
FINANCIAL POSITION OF SPRING REIT**
**Unaudited Pro Forma Statement of Financial Position of Spring REIT (Based on the
Maximum Offer Price of HK\$4.03)**

| | Audited statement of financial position of RCA01 as at June 30, 2013 | Pro forma adjustments | Notes | Pro forma statement of financial position of Spring REIT |
|---|---|--------------------------|-------|---|
| | (Note 1) US\$'000 | (Unaudited) US\$'000 | | (Unaudited) US\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Investment property | 1,253,500 | — | | 1,253,500 |
| Derivative financial instruments | 2,043 | — | | 2,043 |
| | <u>1,255,543</u> | <u>—</u> | | <u>1,255,543</u> |
| Current assets | | | | |
| Trade and other receivables | 2,693 | — | | 2,693 |
| Restricted bank balances | 55,916 | — | | 55,916 |
| Cash and cash equivalents | 20,675 | 50,960 | 3 | 20,675 |
| | | (1,529) | 3 | |
| | | <u>(49,431)</u> | 4 | |
| | <u>79,284</u> | <u>—</u> | | <u>79,284</u> |
| Total assets | <u>1,334,827</u> | <u>—</u> | | <u>1,334,827</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Long-term borrowings | 500,535 | (48,043) | 4 | 452,492 |
| Current liabilities | | | | |
| Rental deposits | 19,314 | — | | 19,314 |
| Receipts in advance, accruals and other payables | 11,723 | — | | 11,723 |
| | <u>31,037</u> | <u>—</u> | | <u>31,037</u> |
| Total liabilities | <u>531,572</u> | <u>(48,043)</u> | | <u>483,529</u> |
| Net current assets | <u>48,247</u> | <u>—</u> | | <u>48,247</u> |
| Net assets | <u>803,255</u> | <u>48,043</u> | | <u>851,298</u> |

APPENDIX II

UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION OF SPRING REIT

Unaudited Pro Forma Statement of Financial Position of Spring REIT (Based on the Maximum Offer Price of HK\$4.03)

| | Audited statement of financial position of RCA01 as at June 30, 2013 | Pro forma adjustments | Notes | Pro forma statement of financial position of Spring REIT |
|---|---|--------------------------|-------|---|
| | (Note 1) US\$'000 | (Unaudited) US\$'000 | | (Unaudited) US\$'000 |
| Represented by: | | | | |
| Ordinary shares | — | 161,934 | 2(i) | — |
| | | (161,934) | 2(ii) | |
| Redeemable preference shares | 161,934 | (161,934) | 2(i) | — |
| Retained earnings | 607,697 | (607,697) | 2(ii) | — |
| Exchange reserves | 33,624 | (33,624) | 2(ii) | — |
| | <u>803,255</u> | <u>(803,255)</u> | | <u>—</u> |
| Net assets attributable to Unitholders: | | | | |
| Units issued to RCA Fund | — | 803,255 | 2(ii) | 803,255 |
| Units issued to public | — | 50,960 | 3 | 50,960 |
| Reimbursement of issuance cost to RCA Fund | — | (1,529) | 3 | (1,529) |
| Loss on early repayment of loan | — | (1,388) | 4 | (1,388) |
| | <u>—</u> | <u>(851,298)</u> | | <u>851,298</u> |

APPENDIX II

UNAUDITED PRO FORMA STATEMENTS OF FINANCIAL POSITION OF SPRING REIT

Unaudited Pro Forma Statement of Financial Position of Spring REIT (Based on the Minimum Offer Price of HK\$3.81)

| | Audited statement of financial position of RCA01 as at June 30, 2013 | Pro forma adjustments | Notes | Pro forma statement of financial position of Spring REIT |
|---|---|--------------------------|-------|---|
| | (Note 1) US\$'000 | (Unaudited) US\$'000 | | (Unaudited) US\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Investment property | 1,253,500 | — | | 1,253,500 |
| Derivative financial instruments | 2,043 | — | | 2,043 |
| | <u>1,255,543</u> | <u>—</u> | | <u>1,255,543</u> |
| Current assets | | | | |
| Trade and other receivables | 2,693 | — | | 2,693 |
| Restricted bank balances | 55,916 | — | | 55,916 |
| Cash and cash equivalents | 20,675 | 48,178 | 3 | 20,675 |
| | | (1,445) | 3 | |
| | | <u>(46,733)</u> | 4 | |
| | <u>79,284</u> | <u>—</u> | | <u>79,284</u> |
| Total assets | <u>1,334,827</u> | <u>—</u> | | <u>1,334,827</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Long-term borrowings | 500,535 | (45,420) | 4 | 455,115 |
| Current liabilities | | | | |
| Rental deposits | 19,314 | — | | 19,314 |
| Receipts in advance, accruals and other payables | 11,723 | — | | 11,723 |
| | <u>31,037</u> | <u>—</u> | | <u>31,037</u> |
| Total liabilities | <u>531,572</u> | <u>(45,420)</u> | | <u>486,152</u> |
| Net current assets | <u>48,247</u> | <u>—</u> | | <u>48,247</u> |
| Net assets | <u>803,255</u> | <u>45,420</u> | | <u>848,675</u> |

Unaudited Pro Forma Statement of Financial Position of Spring REIT (Based on the Minimum Offer Price of HK\$3.81)

| | Audited statement of financial position of RCA01 as at June 30, 2013 | Pro forma adjustments | Notes | Pro forma statement of financial position of Spring REIT |
|---|---|--------------------------|-------|---|
| | (Note 1) US\$'000 | (Unaudited) US\$'000 | | (Unaudited) US\$'000 |
| Represented by: | | | | |
| Ordinary shares | — | 161,934 | 2(i) | — |
| | | (161,934) | 2(ii) | |
| Redeemable preference shares | 161,934 | (161,934) | 2(i) | — |
| Retained earnings | 607,697 | (607,697) | 2(ii) | — |
| Exchange reserves | 33,624 | (33,624) | 2(ii) | — |
| | <u>803,255</u> | <u>(803,255)</u> | | <u>—</u> |
| Net assets attributable to Unitholders: | | | | |
| Units issued to RCA Fund | — | 803,255 | 2(ii) | 803,255 |
| Units issued to public | — | 48,178 | 3 | 48,178 |
| Reimbursement of issuance cost to RCA Fund | — | (1,445) | 3 | (1,445) |
| Loss on early repayment of loan | — | (1,313) | 4 | (1,313) |
| | <u>—</u> | <u>848,675</u> | | <u>848,675</u> |

Notes:

- (1) Spring REIT was established on November 14, 2013. On the Listing Date, the entire interest in RCA01 will be acquired by Spring REIT. Spring REIT has not been involved in any business prior to the Listing Date and does not meet the definition of a business. The acquisition of RCA01 is merely a reorganization of the property investment business of the Group with no change in management of such business and the ultimate controlling owners of such business remain the same before and after the formation of the Group. Accordingly, the consolidated financial statements of Spring REIT have been presented using the carrying value of the property investment business and the balances have been extracted from the audited statements of financial position of RCA01 as at June 30, 2013 as set out in Appendix I to the Offering Circular.
- (2) The following adjustments represent the acquisition of the entire equity interest of RCA01 by Spring REIT on the Listing Date pursuant to the Reorganization Agreement:
 - (i) This represents the reclassification of all the issued preference shares in RCA01 held by RCA Fund as ordinary shares in RCA01. Before the reorganization arrangement, RCA Fund owns all of the issued preference shares in RCA01 whilst MaplesFS owns all of the issued ordinary shares in RCA01. In preparation for the Global Offering, as one of the reorganization steps to take place prior to the Listing Date, 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 the Listing Date. Accordingly, RCA Fund will then be the sole shareholder of RCA01, holding all of the issued ordinary shares in RCA01 prior to the Listing Date.
 - (ii) Pursuant to the Reorganization Agreement, 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 by Spring REIT to RCA Fund. The net assets attributable to these Units amount to US\$803,255,000. The market values of 1,000,000,000 Units are US\$520,000,000 and US\$491,613,000, based on the Maximum Offer Price and Minimum Offer Price of HK\$4.03 and HK\$3.81, respectively.
- (3) The estimated gross proceeds from New Units under the Global Offering are US\$50,960,000 and US\$48,178,000 based on the Maximum Offer Price and Minimum Offer Price, respectively. This represents the issuance of 98,000,000 New Units. All expenses of the Global Offering in connection with the listing of

the Spring REIT are to be paid by RCA Fund. Approximately 22.3% of the total estimated underwriting commission, which represents the approximate size of the primary portion of the Global Offering, will be reimbursed by Spring REIT.

- (4) The adjustment represents partial repayment of the existing Term Loan Facility of US\$49,431,000 and US\$46,733,000 out of the proceeds and a de-recognition of loan arrangement fee upon repayment of US\$1,388,000 and US\$1,313,000 based on the Maximum Offer Price and Minimum Offer Price, respectively.
- (5) Spring REIT is required to distribute to Unitholders an amount of no less than 90% of Spring REIT's annual distributable income for each financial year. Accordingly, the Units contain contractual obligations to pay cash dividends and also, upon the termination of Spring REIT, a share of all net cash proceeds derived from the sale or realization of the assets of Spring REIT less any liabilities, in accordance with their proportionate interests in Spring REIT at the date of its termination. The Unitholders' funds (which are represented by the net proceeds from the issuance of Units) are therefore classified as financial liabilities in accordance with International Accounting Standard 32: Financial Instruments: Disclosure and Presentation. It is shown on the Unaudited Pro Forma Statements of Financial Position of Spring REIT as net assets attributable to Unitholders.
- (6) The NAV per Unit is HK\$6.01 and HK\$5.99 based on the Maximum Offer Price and Minimum Offer Price, respectively. The calculation of the NAV per Unit is arrived at on the basis of the net assets attributable to Unitholders extracted from the Unaudited Pro Forma Statement of Financial Position of Spring REIT based on the Maximum Offer Price and Minimum Offer Price, and on the basis that 1,098,000,000 Units will be in issue upon the completion of the Global Offering respectively. The Maximum Offer Price of HK\$4.03 and the Minimum Offer Price of HK\$3.81 represent a discount of 33% and a discount of 36% respectively to the NAV per Unit.
- (7) The unaudited pro forma statement of financial position of Spring REIT does not take into account dividend of USD 15,000,000 declared by RCA01 on November 12, 2013 to its then preference shareholder, RCA Fund, which has been paid out on November 15, 2013.
- (8) For the purpose of the estimated proceeds from the Global Offering, the translation of HK\$ to US\$ was made at the rate of HK\$7.75 to US\$1.

**B. LETTER FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA
FINANCIAL INFORMATION**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Offering Circular.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN
AN OFFERING CIRCULAR**

TO THE DIRECTORS OF SPRING ASSET MANAGEMENT LIMITED (AS MANAGER OF
SPRING REAL ESTATE INVESTMENT TRUST)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Spring Real Estate Investment Trust ("Spring REIT") and its controlled entity (hereinafter collectively referred to as the "Group") by the directors of Spring Asset Management Limited (the "REIT Manager") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position of Spring REIT as at June 30, 2013 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-6 of Spring REIT's offering circular dated November 25, 2013, in connection with the proposed initial public offering of the units of Spring REIT. The applicable criteria on the basis of which the directors of the REIT Manager have compiled the Unaudited Pro Forma Financial Information are described in Notes 1 to 8.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the REIT Manager to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2013 as if the proposed initial public offering had taken place at June 30, 2013. As part of this process, information about RCA01's financial position has been extracted by the directors of the REIT Manager from its financial statements for the period ended June 30, 2013, on which an accountant's report has been published.

***Responsibility for the Unaudited Pro Forma Financial Information of the Directors of
the REIT Manager***

The directors of the REIT Manager are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as if paragraph 4.29 of the Listing Rules were applicable to Spring REIT and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, as if paragraph 4.29 of the Listing Rules were applicable to Spring REIT, on the

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors of the REIT Manager have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules as if paragraph 4.29 of the Listing Rules were applicable to Spring REIT and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in an offering circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at June 30, 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the REIT Manager on the basis stated;
- (b) such basis is consistent with the accounting policies to be adopted by Spring REIT; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules, as if paragraph 4.29 of the Listing Rules were applicable to Spring REIT.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, November 25, 2013

A. REPORT OF THE REIT MANAGER

The following is the text of the report from the REIT Manager in relation to the forecast net consolidated profit of Spring REIT for the period from the Listing Date to December 31, 2013 as set out in the section headed “Financial Information and Forecast — Profit Forecast” in this Offering Circular.

November 25, 2013

Securities and Futures Commission
Investment Products Division
35/F, Cheung Kong Center
2 Queen’s Road Central
Central
Hong Kong

Dear Sirs,

Spring Real Estate Investment Trust (“Spring REIT”)

We, Spring Asset Management Limited, being the manager of Spring REIT, confirm that (a) we have exercised due care and consideration in the compilation of the profit forecast and the working capital forecast of Spring REIT for the period from December 5, 2013 (being the anticipated listing date) to December 31, 2013 (the “**Profit Forecast**”) as set out in the section headed “Profit Forecast” in the Offering Circular; (b) we have satisfied ourselves that the Profit Forecast has been stated after due and careful enquiry; and (c) we consider that the bases, accounting policies and assumptions used in the Profit Forecast to be appropriate and reasonable.

We are satisfied that all material facts which have come to our attention have been taken into account in arriving at the Profit Forecast and are satisfied that the Profit Forecast has been properly considered and documented.

Investors should carefully consider these bases and assumptions when making an assessment of the future performance of Spring REIT based on the Profit Forecast.

The subsection headed “Profit Forecast” in the Offering Circular was approved by the board of directors of Spring Asset Management Limited.

Yours faithfully,

Spring Asset Management Limited

B. LETTER FROM PRICEWATERHOUSECOOPERS

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Offering Circular.



羅兵咸永道

November 25, 2013

The Directors
Spring Asset Management Limited
(as manager of Spring REIT, the “REIT Manager”)

Credit Suisse (Hong Kong) Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit of Spring Real Estate Investment Trust (“Spring REIT”) and its controlled entity (the “Group”) for the period from December 5, 2013 (the “Anticipated Listing Date”) to December 31, 2013 (the “Profit Forecast”) as set out in the sub-section headed “Profit forecast” in the section headed “Financial information and Forecasts” in the offering circular of Spring REIT dated November 25, 2013 (the “Offering Circular”).

We conducted our work in accordance with Auditing Guideline 3.341 on “Accountants’ report on profit forecasts” issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the REIT Manager are solely responsible, has been prepared by them based on the forecast of the consolidated results of the Group from the Anticipated Listing Date to December 31, 2013.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the REIT Manager as set out in the sub-section headed “Profit Forecast — Bases and Assumptions” and “Profit Forecast — Other Assumptions” on pages 102 to 109 of the Offering Circular, and is presented on a basis consistent in all material respects with the accounting policies the REIT Manager expects to be adopted by Spring REIT as set out in the sub-section headed “Profit Forecast — Accounting Standards” of the Offering Circular.

We draw your attention to sub-section headed “Profit Forecast — Bases and Assumptions” on pages 102 to 109 of the Offering Circular which sets out the assumptions adopted by the directors of the REIT Manager regarding the fair values of the Group’s investment properties as at December 31, 2013. In preparing the Profit Forecast, the

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directors of the REIT Manager have assumed that the fair value of the investment property as at December 31, 2013 will not materially change from the fair value as of August 31, 2013 and the Anticipated Listing Date. The independent valuer is of the opinion that the fair value of the investment property as at December 31, 2013 estimated by the directors of the REIT Manager are reasonable and does not materially deviate from the market anticipation of the office sector markets. The directors of the REIT Manager have confirmed that the forecast valuation of the investment properties as at December 31, 2013 has been compiled according to the valuation bases which are consistent with those adopted by the independent valuer in valuing these properties as at August 31, 2013. The directors of the REIT Manager believe that the fair values of the investment properties as at December 31, 2013 are their best estimates. However, the fair values of the investment properties as at December 31, 2013 and consequently any revaluation increase or decrease on the investment properties for the period from the Anticipated Listing Date to December 31, 2013 may differ materially from the present estimates as they depend on market condition as at December 31, 2013 and other future events that are beyond the Group's control. Should the actual increase or decrease in fair values of the investment properties differ from the amount presently estimated by the directors of the REIT Manager, such difference would have the effect of increasing or decreasing the forecast consolidated profit of the Group for the period from the Anticipated Listing Date to December 31, 2013. Our opinion is not qualified in respect of this matter.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

C. LETTER FROM THE INDEPENDENT PROPERTY VALUER IN RELATION TO TOTAL RENTAL INCOME

November 25, 2013

Spring Asset Management Limited (as manager of Spring Real Estate Investment Trust)
Suite 2019, 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

Credit Suisse (Hong Kong) Limited
Level 88, 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") – Rental Income Forecast

We confirm we have examined the rental income used in the calculations of the forecast (the "Rental Income Forecast") of the Property and the related assumptions used by Spring Asset Management Limited (the "REIT Manager") for the purposes of the profit forecast for the period from the anticipated Listing Date as defined in the offering circular (the "Offering Circular") to December 31, 2013 (the "Profit Forecast") as required by Appendix F of the Code on Real Estate Investment Trusts and set out under the section headed "Profit Forecast" in the Offering Circular.

For the purposes of our confirmation, we have examined:

- the calculations of the REIT Manager in relation to the Rental Income Forecast; and
- the basic assumptions used by the REIT Manager in making such calculations.

The Directors of the REIT Manager are solely responsible for the Profit Forecast. We confirm that the Rental Income Forecast has been complied with in accordance with the assumptions made and such assumptions are reasonable.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Ltd

Zhi Rong He (Flora He)
MRICS MCOMFIN
Director
Valuation and Advisory Services

David Faulkner
BSc(Hons) FRICS FHKIS RPS(GP) MAE
Executive Director
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.

D. REPORT OF LISTING AGENT

The following is the text of the letter from Credit Suisse (Hong Kong) Limited, the listing agent of Spring REIT, in relation to the forecast consolidated net profit of Spring REIT for the period from the Listing Date to December 31, 2013 as set out in the section headed “Financial Information and Forecast – Profit Forecast” in this Offering Circular.



November 25, 2013

The Directors
Spring Asset Management Limited

Dear Sirs

We refer to the forecast of the consolidated net profit of Spring Real Estate Investment Trust (“Spring REIT”) for the period from December 5, 2013 (being the anticipated date on which the units of Spring REIT are first listed and from which dealings therein are permitted to take place on The Stock Exchange of Hong Kong Limited (the “Listing Date”)) to December 31, 2013 (the “Profit Forecast”) as set out in the section headed “Profit Forecast” in the offering circular of Spring REIT dated November 25, 2013 (the “Offering Circular”). The Profit Forecast has been prepared based on a forecast of the consolidated results of Spring REIT from the Listing Date to December 31, 2013.

We have discussed with you the bases and assumptions made by you as set out in the section headed “Profit Forecast” in the Offering Circular upon which the Profit Forecast has been made. We have also considered, and relied upon, the letters dated November 25, 2013 addressed to yourselves and ourselves from PricewaterhouseCoopers regarding the accounting policies and calculations and the letter dated November 25, 2013 addressed to yourselves and ourselves from Colliers International (Hong Kong) Ltd. regarding the assumptions adopted and the rental income used in calculations of the profit and distribution forecast, upon which the Profit Forecast has been made.

On the basis of the foregoing and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers and on the basis of the assumptions adopted by you and reviewed by Colliers International (Hong Kong) Ltd. for calculations of the profit and distribution forecast, we, as listing agent of Spring REIT, confirm that the Profit Forecast, has been made after due and careful enquiry. You, as directors of Spring Asset Management Limited, the manager of Spring REIT, are solely responsible for the Profit Forecast.

Yours faithfully,
For and on behalf of
Credit Suisse (Hong Kong) Limited
Kevin Rumjahn
Director

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

Credit Suisse (Hong Kong) Limited
Level 88, 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 Offering Circular.

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)
MRICS MCOMFIN
Director
Valuation and Advisory Services

David Faulkner
BSc(Hons) FRICS FHKIS RPS(GP) MAE
Executive Director
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") | <p>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.</p> <p>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.</p> <p>The Property has a total gross floor area (GFA) of approximately 145,372.54 sq m, a breakdown of which is as follows:</p> <table><tr><th>Use</th><th>GFA (sq m)</th></tr><tr><td>Office—</td><td></td></tr><tr><td> Tower 1</td><td>56,068.32</td></tr><tr><td>Office—</td><td></td></tr><tr><td> Tower 2</td><td>64,176.87</td></tr><tr><td>Sub-total</td><td>120,245.19</td></tr><tr><td>Car Park</td><td>25,127.35</td></tr><tr><td>Total</td><td>145,372.54</td></tr></table> | 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 | <p>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.</p> <p>The occupancy rate of the Property (excluding car park) as at August 31, 2013 was about 96%.</p> <p>Approximately 600 car park spaces are being operated as a fee-paying carpark. The total average monthly income in 2012 is approximately RMB258,500.</p> <p>Various naming rights are let under various agreements, yielding an average monthly rental of approximately RMB750,000 in 2012.</p> | 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 | | | | | | | | | | | | | | | | | | | |

APPENDIX IV

INDEPENDENT PROPERTY VALUER'S VALUATION REPORT

| 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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Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Center
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;



- (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.

**(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.



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.

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018-2023</u> | (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



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

APPENDIX VI OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN THE PRC AND COMPARISON OF CERTAIN ASPECTS OF ITS PROPERTY LAWS AND THE LAWS OF HONG KONG

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:

| <u>Use of land</u> | <u>Maximum period (in years)</u> |
|---|----------------------------------|
| 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.

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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

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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.

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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.

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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

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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

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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

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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.

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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

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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. | 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 |
| In general, the legitimate rights and interests of the owners over real estate in the PRC are protected under PRC law. | |

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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,

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- 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

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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.

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- 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.

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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

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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.

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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

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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.

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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

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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

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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

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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

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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

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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 Listing Date.

- (a) Trust Deed;
- (b) Accountant's Report of Spring REIT, the text of which is set out in Appendix I to this Offering Circular;
- (c) unaudited pro forma statements of financial position of Spring REIT and the Reporting Accountant's Report in relation thereto, the texts of which are set out in Appendix II to this Offering Circular;
- (d) the report of the REIT Manager on the profit forecast, the letter of PricewaterhouseCoopers on the profit forecast, the letter from the Independent Property Valuer in relation to Rental Income and the report of the Listing Agent on the profit forecast, the texts of which are set out in Appendix III to this Offering Circular;
- (e) Independent Property Valuer's Valuation Report, the text of which is set out in Appendix IV to this Offering Circular;
- (f) 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 Offering Circular;
- (g) Corporate governance policy adopted by the REIT Manager on November 1, 2013;
- (h) Reorganization Agreement;
- (i) Property Management Agreement;
- (j) Property Management Supervision Agreement;
- (k) Term Loan Facility Agreement;
- (l) Hong Kong Underwriting Agreement;
- (m) written consents referred to in the paragraph headed "Qualification and Consents of Experts" below; and
- (n) 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 Offering Circular.

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 the Units are listed on the Hong Kong Stock Exchange.

QUALIFICATION AND CONSENTS OF EXPERTS

The qualifications of the experts who have given opinions in the Offering Circular are as follows:

| Name | Qualification |
|--------------------------------|--|
| Credit Suisse | A licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO |
| 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 1 st Class and 2 nd Class Architects and engineers |

Each of the entities listed above has given and has not withdrawn its written consent to the issue of this Offering Circular 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 Offering Circular, 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 Offering Circular, 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 Offering Circular which is significant in relation to Spring REIT’s business;
- (c) save in connection with the Underwriting Agreements and save as disclosed in the section headed “Underwriting” in this Offering Circular, 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 Offering Circular to any of Spring REIT's promoters 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 Offering Circular, 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 Underwriting Agreements, 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 Offering Circular, 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.



SpringREIT

