
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

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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;

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- 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.