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 *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 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
	5,143
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
	(1,286)
General and administrative expenses	
Asset management fee	0
Professional fee	(45)
	(45)
Trust and IPO-related expenses	
REIT Manager's fee	(419)
Trustee fees and other trust expenses	(201)
	(620)
Increase in fair value of investment property(1)	0
Other losses, net	(59)
Operating profit	3,133
Finance income	22
Finance costs	(1,958)
Profit for the period	1,197
Distribution data:	
Profit for the period	1,197
Adjustments(2)	891
Distributable income for the Profit Forecast Period	**2,088**

	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.

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:

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

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

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

Car park income

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

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.

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).

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;

- 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;

- 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.

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.