
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.

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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.

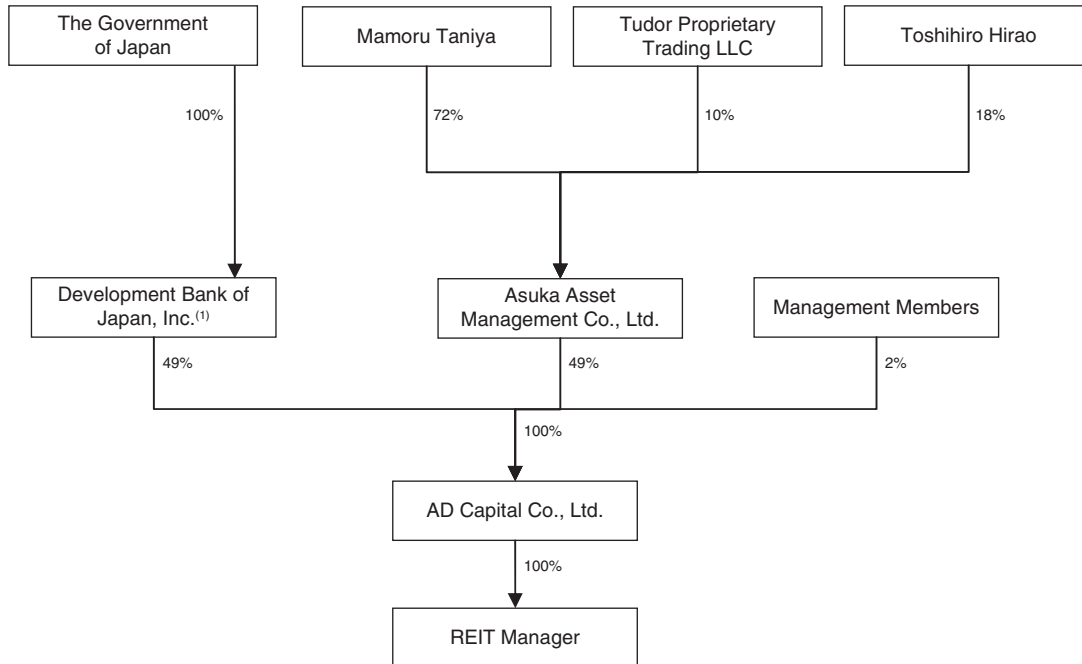
Asuka is one of the major alternative asset management firms in Japan. As of the Latest Practicable Date, Asuka was owned by Mr. Mamoru Taniya, Tudor Proprietary Trading LLC and Toshihiro Hirao as to 72%, 10% and 18%, respectively. Mr. Mamoru Taniya is one of the founding partners, the chairman and the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

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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.

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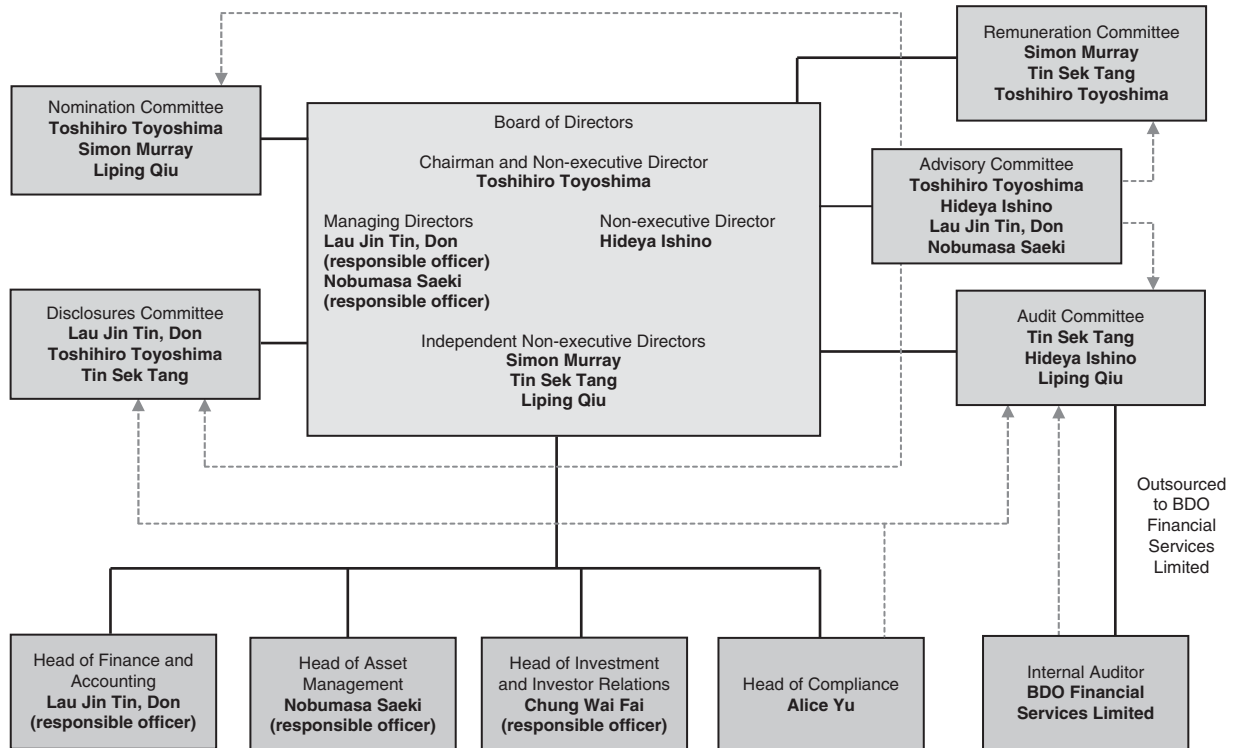
Notwithstanding the REIT Manager's delegation of certain property management functions to the Property Manager and Building Manager, the REIT Manager is responsible for the management of Spring REIT, including its initial asset, the Property and any acts and omissions in respect of the property management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

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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

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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.