
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:

| <u>Categories of connected party transactions</u> | <u>For the year ending December 31, 2013</u> | <u>For the year ending December 31, 2014</u> | <u>For the year ending December 31, 2015</u> |
|---|--|--|--|
| 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;

CONNECTED PARTY TRANSACTIONS

- (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.

CONNECTED PARTY TRANSACTIONS

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

CONNECTED PARTY TRANSACTIONS

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;

CONNECTED PARTY TRANSACTIONS

- (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.

CONNECTED PARTY TRANSACTIONS

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

CONNECTED PARTY TRANSACTIONS

(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.

CONNECTED PARTY TRANSACTIONS

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.

CONNECTED PARTY TRANSACTIONS

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;

CONNECTED PARTY TRANSACTIONS

- (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

CONNECTED PARTY TRANSACTIONS

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.