
MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS

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

CONNECTED PARTY TRANSACTIONS – CHAPTER 8 OF THE REIT CODE

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

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

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

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

MODIFICATIONS, WAIVERS AND LICENSING CONDITIONS

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

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

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

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

LICENSING CONDITIONS ON THE REIT MANAGER

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

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