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November 25, 2013

Dear Sirs,

Due Diligence Survey on Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at No.79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")

Property Condition Report Summary

1. Introduction

Nikken Sekkei LTD. was appointed as the Property Consultant to carry out a property condition survey on the Property.

This letter summarizes the approach of our property condition survey conducted on December 4, 2012 to December 5, 2012 and November 4, 2013 and the findings of the review. However, this letter only covers the major points of the report. More detailed information is contained in the comprehensive condition survey report of the Property. Thus, this letter should be used in connection with the comprehensive condition survey report.

2. Surveys and Evaluations Conducted

The property condition survey on the Property focused on the following areas:

- (a) Visual inspection of the Property to confirm its structural integrity;
- (b) Visual inspection of the current building layout and usage against the latest general building plans approved by the government to identify any additional structure;
- (c) Visual inspection of current building layout to identify any existing or potential hazards and deviations in respect of the fire safety requirements and usage;



- (d) Visual inspection of major building elements in accessible common areas of the Property, including building facade, units, external walls, roofs, corridors, lavatories, electrical and mechanical plant rooms and etc. to identify any apparent major building defects;
- (e) Visual inspection of all major building services installations, including mechanical ventilation, air-conditioning, fire services, electricity, lifts and plumbing to identify any apparent major defects; and
- (f) Check and review of current building layout to identify any environmental, pollution, health and safety hazard or other risks.

After completion of the visual inspection and review of the Property, we have:

- (a) Compiled a list of visible defects of building elements and major building services installations, together with the proposed remedial works; and
- (b) Compiled a ten-year Forecast of Maintenance and Capital Expenditure.

The property condition survey was carried out by registered professional surveyors (architect and engineer) and experienced building services engineers.

It consisted of visual inspection of the building common areas and units, major building services installations and review of the current building layout of the Property in order to verify its overall condition and conformity to the relevant statutory requirements in respect of health and safety based on accessible area visual inspection and provided documents from the Property Manager.

The findings of the survey are as follows:

(a) *Structural Soundness*

Visual inspection was carried out of the exposed structure of the Property. No major structural defect was found.

(b) *Building Layout*

Having reviewed the accessible general building plans, the relevant permits and the information provided by the Property Manager against the existing site condition and usage at the time of inspection. No major change was found at the inspection.

(c) *Health and Safety*

We noted that the Property complied generally with relevant health and safety requirements as at the time of inspection.

**(d) Building Defects**

The overall condition of the building elements of accessible common areas and units in the development was performed. No major defects were found.

(e) Building Services Defects

The major building services installations, including mechanical ventilation air-conditioning, fire services, escalators and lifts, plumbing of the Property was in good condition.

3. Reports Delivered

We have prepared a comprehensive condition survey report for the Property. The content of the report includes:

- A) General Description (Property Subjected to Property Condition Evaluation)
- B) Assumptions for Estimate of Capital Reserve Expenditure
- C) Capital Reserve Expenditure
- D) The cost of Repair and Replacement Requiring Immediate Action
- E) Analysis of Current State (Architectural, Electrical, HVAC and Plumbing, Conveyance and Fire Protection.)
- F) Compliance with Codes and Regulations (Legal Procedures, Instructions Given By Government Authorities During Inspections ,Results of On-site Inspection and Safety Performances)
- G) Environmental condition (Property Description, Environment Setting, and Site Reconnaissance)
- H) Ten-year forecasts of maintenance and capital expenditure
- I) Photographic records of defects.

4. Cost Estimates for Remedial Works and Ten-years forecast of Maintenance and Capital Expenditure

Based on the site survey and hearing from the Property Manager, we estimated the cost of necessary remedial works. In addition to the cost of remedial works, we have prepared a ten-year forecast of maintenance and capital expenditure for major building elements.



The summary of this forecast is shown below.

The following methodology was adopted to estimate the ten-year forecast of maintenance and capital expenditure:

A) Basis for Cost Estimate

Capital reserve expenditures over the first half of the next decade are estimated from the deteriorated conditions of the building and the past maintenance repair expenditures for the building, and those over the second half of the next decade are estimated from the maintenance expenditures of similar buildings in Japan.

B) Excepted Items

Periodical inspections (consumable supplies such as filters and light bulbs), landscape maintenance, security, cleaning and other day to day expenses

Repair cost for elevators normally operated under full maintenance contract (excluding winch, rope and interior of elevator room) or other special equipment

Repair and restoration arising from acts of God, casualty or terrorism

Refurbishment (renewal) cost

C) Note

The repair cost is estimated (excluding interest and price fluctuation) based on review of existing drawings and documents, and the site investigation, and does not represent the actual repair cost. Expenses incurred in one specific year may be distributed to several years in the vicinity.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2023</u>	(UNIT:
Repair and Maintenance	0	235,170	110,968	333,710	504,270	4,458,480	US\$)

5. Conclusion

Based on our property condition survey and visual inspection of the Property on December 4, 2012 to December 5, 2012 and November 4, 2013, we could not find any major issue. Minor repair is required. We conclude that the building is structurally safe and is maintained in good condition and that there are no material defects that would affect the operation and usage of the Property and/or impede the transfer of the Property.

6. Caveats

- (a) The survey and review are based on the information provided by the Property Manager, such as approved general building plans, permits, the licensing as-built services



drawings, test certificates, maintenance and local authority inspection reports. We conducted interviews with the Technical Property Manager of the Property so as to establish a good understanding of the use of the various parts of the Property.

- (b) The survey was conducted based on visual inspection on accessible area and no testing was carried out on any of the structure, building fabric, services or equipment of the Property.
- (c) Nikken neither commit assessment of the management effectiveness of the subject property, nor undertake responsibility of the future management effort and practice that might favorably or adversely affect the future physical conditions of the subject property.
- (d) A part of the investigation result of the comprehensive condition survey report is obtained from third parties. We undertake neither express nor implied warranty for correctness and completeness of such information.
- (e) We cannot accept any liability for the condition of concealed or inaccessible parts of the development.

Yours sincerely

For and on behalf of

Nikken Sekkei LTD.

Kenichiro Nakatani

General Manager, Facility Solution Department