

Submission on Proposed Amendments to the Code on Real Estate Investment Trusts

August 2020



**Baker
McKenzie.**

INTRODUCTION

APREA (Asia Pacific Real Estate Association) is a leading pan-Asian association made up of pension, insurance and sovereign wealth funds, investment and asset managers, family office platforms, developers and service providers. We have been serving the investment community for over 15 years, have chapters in 8 countries and our members manage over USD5.0 trillion in assets.

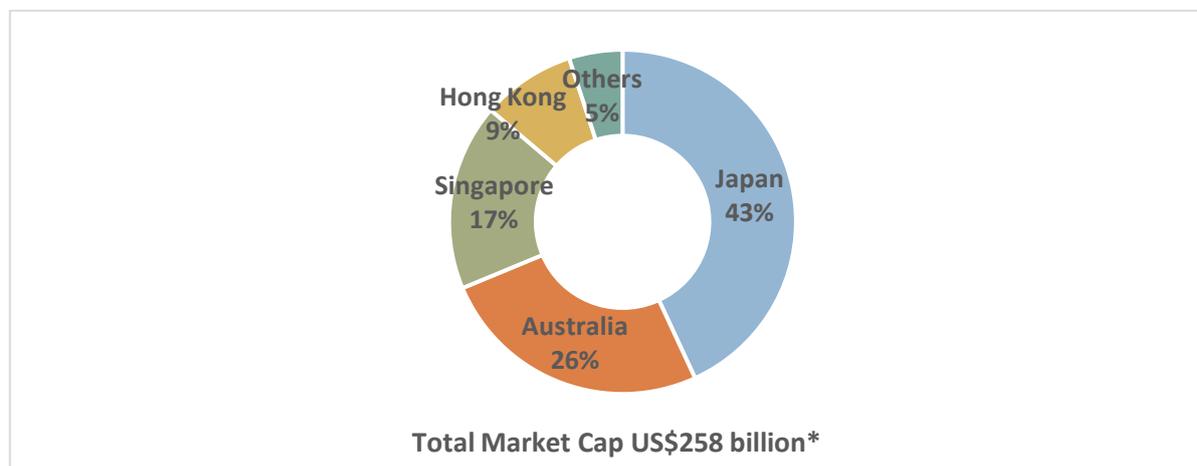
Baker McKenzie is a leading international law firm with first-tier practices in all of the areas of law relevant to REIT transactions, namely, securities/capital markets, real estate, mergers and acquisitions, regulatory and compliance, finance and tax. We have participated in almost all of the Hong Kong REITs ("**H-REITs**" or "**REITs**") initial public offerings to date that involve a Hong Kong listing as well as almost all major REIT transactions since then. We are also active in other regional REIT markets, including Singapore, Australia, Japan and Thailand.

We jointly welcome the proposed changes contained in the Consultation Paper ("**Consultation Paper**") on Proposed Amendments to the Code on Real Estate Investment Trusts ("**REIT Code**") released by the Securities and Futures Commission ("**SFC**") in June 2020. We also welcome the initiative taken by the SFC to introduce further flexibility to the investment capacity for H-REITs. We are hopeful that the proposals will contribute to the further development of the H-REIT regime and encourage more H-REIT listings and the ongoing development and maturity of the H-REIT market.

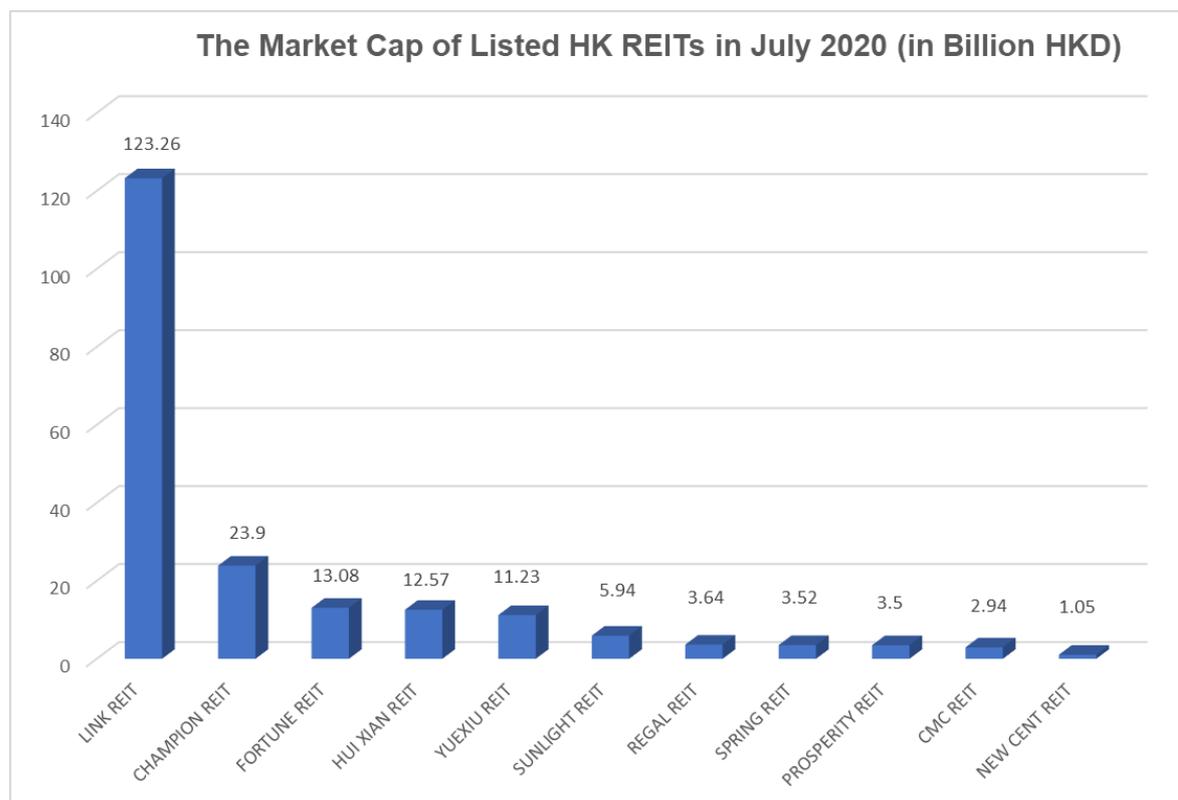
We make the following submissions and thank the SFC for the opportunity to discuss our thoughts regarding potential reforms and why they are critical to continue the expansion and ongoing development of the existing REIT regime in Hong Kong. Unless otherwise specified, terms defined in the Consultation Paper have the same meanings when used in this submission. We consent to the SFC publishing this submission made jointly between APREA and Baker & McKenzie.

OVERVIEW OF H-REIT MARKET

The market capitalization of H-REITs this year through July accounted for only 9% of REITs in Asia Pacific. By comparison, Japan REITs comprised more than 40% while Australia and Singapore REITs comprise 26% and 17% respectively.



Link REIT, Asia-Pacific's largest REIT by market capitalization, has headlined the success of H-REITs in recent years. Notwithstanding this, H-REITs have ample room to grow.



Despite their small size, other H-REITs, apart from Link REIT, have performed well in the last several years. While the pandemic has been a drag on REITs this year, they have consistently outperformed other locally listed real estate stocks in the longer term due to their high yields.

The SFC's initiative to review and liberalise the H-REIT regime is therefore timely and will no doubt enhance the growth potential of the H-REIT market.

SUBMISSIONS

Prior to addressing the substantive consultation questions, we wish to raise one preliminary item for clarification and on which we submit further guidance may be required.

- Paragraph 9: We note the limitation for not more than 25% of gross asset value ("**GAV**") being invested in a combination of certain categories of investments. We submit that guidance would be needed to understand what actions would be required in the event of a passive breach due to market or other factors. For example, if non-core investments have been successful and the value has increased substantially, should a requirement similar to the gearing ratio be implemented that requires there to be no further active investment until the value of the non-core investments falls back below the 25% GAV threshold? Market factors mean that the value of equities or similar investments may fluctuate considerably even on an intra-day basis leading to an unintended passive breach of the limits. Likewise, the GAV can also decline due to a devaluation of properties without there being a corresponding drop in value of other categories of investments which may be linked to a different market sector.

Question:

- 1. Do you agree with the proposal to allow flexibility for REITs to invest in Minority-owned Properties? Please explain your view.**

Yes. We believe that it is important to provide REITs with the flexibility to invest in a wider range of income producing opportunities, and that investments in Minority-owned Properties would not change the fundamental characteristics of REITs.

Question:

- 2. Do you consider that the proposed overarching principles and specific conditions for Qualified Minority-owned Properties are appropriate? Do you have any comments on the principles and conditions proposed? Please explain your view.**

Whilst we support the proposal for Qualified Minority Owned Properties, we consider that some additional clarifications are required. Those clarifications are:

- a) Veto rights - we submit that it would be appropriate to define the key matters over which these rights can be exercised. The provision of a specific list will aid REIT managers in the preparation of transaction feasibility studies and counterparty negotiations. In considering the key matters, we submit that the focus should be on investor protection instead of operational matters (such as incurring of borrowings, asset enhancement and capital expenditure plans). Otherwise, an unduly onerous list would adversely affect the REIT's leverage in potential joint venture negotiations, being only a minority partner/investor.
- b) Annual distributable income - it is not clear how this is to be determined (e.g. will "distributable income" be as defined under the relevant constitutive documents, or pursuant to certain accounting line items, or pursuant to the formula contained in the REIT Trust Deed; the latter being practically too rigid for negotiations with counterparties and accordingly this could lead to confusion and disagreement. We

submit that regulatory guidance could be provided in this regard to assist in preparation and negotiations of the joint ownership agreement.

- c) Property management - we note that one of the overarching principles to be satisfied when investing in Minority-owned Properties is that there must be proper safeguards or measures in place to increase the autonomy and influence of the REIT manager over matters relating to the management of such property. We assume that this means that REIT managers have the flexibility to manage the Minority-owned Properties. Otherwise, additional management fees would be payable to a third party management company or the joint venture partner.

Question:

3. Do you have any comment on the proposed requirements for Non-qualified Minority-owned Properties? Please explain your view.

- We submit that Non-qualified Minority-owned Properties should be regulated in the same manner as Relevant Investments, and the various requirements under the REIT Code that do not apply to Relevant Investments (e.g. 2 year holding period, valuation by the principal valuer, and annual and interim report disclosure requirements etc.) should similarly not apply to Non-qualified Minority-owned Properties. The operational hurdles to comply with such requirements may not be incommensurate with the ownership level. If it is not possible to obtain the requisite veto rights for a joint venture investment (which would result in its classification as a Non-qualified Minority-owned Property rather than a Qualified Minority-owned Property), then it is unlikely that the joint venture ("JV") partner would allow the joint venture to be subject to such regulatory operational requirements either. We therefore submit that the position as regards Non-qualified Minority-owned Properties should be consistent with that of Relevant Investments, which do not need to comply with similar requirements notwithstanding similar considerations regarding potential lack of control.
- We further submit that the requirement that 10% GAV not be exceeded at any time could pose an operational issue. For example, if the investment is successful, it could increase in value to exceed 10% in GAV. Does it need to be disposed of prior to breaching the limitation? Or alternatively, if there is a market led devaluation of the other assets in the portfolio, or a disposal of other assets and distribution of the proceeds, the 10% threshold could also be breached on a passive basis giving rise to uncertainty and the need to take preemptive action which could be detrimental to investment values if an urgent or "fire sale" of investments became necessary for compliance purposes. We therefore submit that the 10% GAV limit should only be assessed at the time of acquisition, as it would not be in the best interests of the REIT and its unitholders if the REIT were compelled to dispose of an investment to avoid a technical breach. We note also that such a requirement may also need to be reflected in any JV agreement to be effective, which would likely be unappealing to potential JV partners and reduce the REIT's negotiation leverage and pool of acquisition opportunities to the detriment of REIT unitholders.

If the SFC nonetheless considers it necessary for the assessment to be made on a continuous basis, further clarity is also sought regarding the consequences of breaching the 10% GAV limit particularly in passive situations.

Question:

4. Do you have any comment on the proposed disclosure and other requirements for investments in Minority-owned Properties?

- If the objective is to align the disclosure and other obligations of the H-REIT as closely as possible with the listing rules, we submit that:
 - a) Proposed edits to 7.7A Note (3): It is not clear whether the requirements in Note (3) are in addition to or in place of the existing Listing Rules requirements or whether the obligations are cumulative. In the spirit of achieving a level playing field for H-REITs with listed entities, we submit the REIT Code should align with the Listing Rule requirements except in very exceptional circumstances.
 - b) Proposed 7.7C: We suggest that consideration be given as to whether a minimum ownership percentage amount in order to be eligible as a Minority-owned Property should be specified e.g. 5-10%, or confirmation that no such minimum applies, as this will enable the H-REIT to determine in advance whether it is worthwhile making any application for approval.
 - c) The disclosure obligation in paragraph 25 of the Consultation Paper should be subject to the notifiable transactions size test. Consideration could also be given to requiring only unusual and non-customary ownership structures which could have a substantial detrimental effect on the H-REIT to be disclosed, rather than a strict and inflexible requirement to prominently disclose and warn the risks and potential impact on the REIT on all occasions, which may not be necessary if the ownership structure is customary and familiar to the market.
 - d) The freedom to dispose in paragraph 25 of the Consultation Paper is currently only described as operating in favor of the H-REIT. Is it intended that a "drag" option by the majority owner to require the compulsory disposal/sale of the minority investment held by the H-REIT would be regarded as a fetter on the REIT's freedom to dispose of the investment and thereby disqualify the investment as being suitable? We submit that this should not be the case, as such "drag" options are customary in joint venture transactions involving a minority partner. For similar reasons to above responses to Question 3, this may limit the pool of acquisition opportunities for REITs to the unitholders detriment.
 - e) The annual and interim report disclosure obligations in paragraph 26 should also be relaxed. Investment in Minority-owned Properties through a joint ownership arrangement may comprise numerous small individual properties. A materiality test and portfolio-based disclosure should be applied to avoid overly onerous disclosure of information which are immaterial and not meaningful to investors, and are also unfeasible in practice. There are no such requirements applicable to Hong Kong listed property companies or other overseas REITs. Disclosure of all financial information of each Minority-owned Property in both annual and interim report as required under Note (2)(iv) to 7.7C would be too complex and far more cumbersome than the existing practice for majority-owned properties.
- The applicability of all other requirements on "real estate" or "property" under the REIT

Code to Minority-owned Properties (e.g. holding period under 7.8, trustee and REIT Manager's duties and obligations under 4.2 and 5.2, good and marketable title and all necessary licenses under 7.7A, valuation requirement under 6.2, disclosure requirement under Chapter 10, practice note on overseas investments etc) should be clarified. It is submitted that, other than the protections under the JV arrangement, overall management matters on each underlying "real estate" or "property" is out of the REIT manager's control as a minority partner/ investor.

- We also submit that car parks in a building or complex should, as with strata holdings, not be regarded as Minority-owned Properties.

Question:

- 5. Do you agree with our proposal to align the diversification limit on the REITs holdings of Relevant Investments issued by any single group of companies with the Single Investment Cap on Non-qualified Minority-owned Properties of 10% of GAV? Please explain your view.**

Whilst we agree with the proposal to align the diversification limit, we submit that the revisions do not go far enough to enable H-REITs to enjoy a level playing field with other listed companies. We submit that in order to facilitate M&A activities (including acquisition of REITs listed within and outside Hong Kong), which will benefit the H-REITs' overall long term attractiveness, they should be able to acquire a majority of a company or group of companies provided that the overall 10% GAV limit is maintained, the acquisition is in line with the REIT's investment strategies, and otherwise complies with the "Relevant Investments" criteria. In the alternative, guidance is sought as to the limit to be applied.

Question:

- 6. Do you have any comment on the proposal to adjust the 10% GAV Cap and the safeguards imposed? Please explain your view.**

Paragraph 36 of the Consultation Paper notes that "the existing 10% GAV Cap may be exceeded if specific unitholders' approval can be obtained". While not explicitly mentioned in the Consultation Paper, such approval will likely require a special resolution (75% unitholders' approval) in order to be implemented as the increased development limit will need to be reflected into the REIT's trust deed. Notwithstanding this, paragraph 36 further requires the Trustee's prior written consent for the increased development limit, and it is unclear as to the timing for this.

We submit that it would be inappropriate for the Trustee to approve/reject any proposal prior to seeking unitholders' approval. Having regard to the respective roles of the REIT Manager and Trustee, decisions regarding investment strategy should be left to the REIT Manager, and the Trustee should not preemptively block an opportunity for unitholders (who have an economic interest in the resolution) to vote on the same.

We submit that it would also be unnecessary for the Trustee to consent to a proposal that has already obtained the requisite approval from unitholders in accordance with the Trust Deed,

as the Trustee would not be in a position to disregard such results and withhold their consent. The Trustee would also be facilitating the implementation of the increased development limit by executing a Supplemental Trust Deed to effect the changes.

For these reasons, we submit that the Trustee should not be required to consent to the increased development limit, although the Trustee would still be responsible for ensuring such increased development limit is observed and implemented appropriately.

Question:

- 7. Do you have any comments on the proposed increase of the borrowing limit from 45% to 50%? Do you think a higher borrowing limit above 50% should be allowed? Please explain your view. If you think a higher borrowing limit should be allowed, what should be the appropriate limit and what other conditions or safeguards (if any) should be imposed?**

- We agree that the 50% borrowing limit should be suitable having regard to other comparable REIT markets and consider this an important change to stimulate further activity in the REIT market.
- However, we suggest that the proposed aggregate borrowing arrangements contained in paragraph 46 of the Consultation Paper could be clarified to address the treatment of hybrid securities. For example, a 10% coupon cap for perpetual bonds and potentially other hybrid securities makes it difficult in practice to issue such securities. We note that the increase in gearing to 50% aligns with Singapore and the removal of any coupon caps would similarly align with the Singapore regime. Even if the coupon cap were removed, hybrid securities would continue to be subject to remaining limitations to ensure unitholder protection. In reviewing any guidance, consideration should also be given to the differences in accounting treatment between REITs and companies including in REIT cases, the classification of net assets attributable to unitholders (rather than equity) due to the fundamental characteristics of unit trusts with limited duration and minimum distribution requirements.

Questions:

- 8. Do you have any comments on the proposed amendments to the definition of “connected persons”? Please explain your view.**
- 9. Do you agree with the proposal to align the connected party transactions and notifiable transactions requirements for REITs with the Listing Rules? Please set out your reasons.**
- 10. Do you have any comments on the other proposed amendments to Chapter 8 and Chapter 10 of the REIT Code?**

We note in paragraph 56 of the Consultation Paper that it is proposed that connected party transaction waivers shall continue to apply until expiry according to their terms. We submit that even if that is to be the case, the waivers may still require modification as they are currently drafted to specifically refer to the existing connected person test. It is unclear if modifications will be permitted in the hypothetical situation where there may be additional connected persons and whether such modifications would require new unitholder approval (which would be operationally burdensome for the REIT since the need to do so is a direct result of the proposed REIT Code changes).

Question 9

- We note the proposal in paragraph 58 of the Consultation Paper that the H-REIT must have regard to, inter alia, 10.3 of the REIT Code and the requirements applicable to listed companies under Chapter 13 of the Listing Rules. We submit that this combination would impose a higher compliance obligation on H-REITs than would otherwise be the case for other listed companies. We submit that the requirements should be limited to those under Chapter 13 of the Listing Rules (except in very special and limited circumstances where modifications are necessary), in the spirit of REITs achieving regulatory parity with listed companies.
- For the same reason of regulatory parity, we also agree that the disclosure obligations for REITs should be aligned with the notifiable transactions and connected party transactions regimes under Chapters 14 and 14A of the Listing Rules. In particular, for the disclosure obligations relating to acquisitions and disposals of real estate, we note in paragraph 59 of the Consultation Paper the proposal to subject such disclosure obligations to a de minimis exemption for transactions below 1% of GAV, but we submit that the disclosure obligation should instead be sized by reference to the asset test under Chapter 14 of the Listing Rules. By way of comparison, we note that Singapore REITs are usually not required to announce or obtain unitholders' approval for acquisition or disposal transactions with independent third parties, if such acquisitions or disposals are in the ordinary course of business.

Question 10

Paragraph 60 of the Consultation Paper proposes revisions to the REIT Code to require Trustees to give their view on the subject matter of “all announcements and circulars issued by a REIT”.

- We submit that such a formulation is far too wide, as it includes non-transactional announcements (e.g. financial results; board composition changes etc.) as well as transactions with independent third parties. Given the SFC's intention to create an “equal playing field” with listed companies, it is submitted that the Manager (akin to the board of a listed company) should have sole discretion on such matters given the low risk of conflicts.
- In respect of connected party transactions, we note the proposed new 8.7D of the REIT Code requires the Trustee to form a view on all connected party transactions without qualifications. For transactional matters such as acquisitions, the Trustee may need to seek the view of a competent expert (i.e. an independent financial adviser) to “opine on whether the transaction is on normal commercial terms, fair and reasonable and in the interests of the holders as a whole” under 8.7D(iii). While permitted under the note to 8.7D, this would incur costs for the H-REIT and possibly delay the transaction. Again, in the spirit of “equal playing field” with listed companies, it is submitted that the Trustee's view with regards to 8.7D(iii) should only be required for transactions that would necessitate the opinion of an independent financial adviser.

- For the other limbs of 8.7D, we wish to clarify with the SFC that these primarily relate to compliance with the CR and Trust Deed, and the Trustee should not be required to opine on the commercial merits of such transactions (which again, would likely necessitate a competent expert opinion). It is also submitted that 8.7D be caveated with the words “where applicable” to cater for inapplicable situations. For example, the requirement for the Trustee to opine that transactions are “consistent with the scheme’s investment policy” only relates to investments, and would not apply e.g. to connected party service contracts or issuance of units to connected persons.

Question:

11. Do you have any comments on the proposed miscellaneous amendments? Please explain your view.

- We welcome the proposed removal of the limitation against using more than two layers of special purpose vehicle as set out in paragraph 63 of the Consultation Paper. We note however that 7.5(aa) requires a REIT to have majority ownership and control of the special purpose vehicles, and we welcome clarity as to how this would be applied to Minority-owned Properties held through special purpose vehicles. We suggest however that 7.5(b) also be relaxed to facilitate overseas acquisitions where locally incorporated and/or customary offshore SPVs are typically used. The relaxation could be in the form of a general requirement to use SPVs incorporated in customary jurisdictions for holding the target property having regard to its location. Alternatively, clear guidance could be provided on what factors need to be taken into account for compliance with 7.5(b).
- With respect to paragraph 63(f) of the Consultation Paper regarding the application of the holding period under 7.8, we refer to our earlier comments regarding Non-qualifying Minority-owned Properties being exempt and the reasons therefor.

Question

12. Do you have any comments on the proposed implementation timeline?

- We note the comments in paragraph 68 of the Consultation Paper regarding the need to obtain unitholders approval by way of a special resolution to effect changes to constitutive documents. We submit that unitholders approval should not be required for amendments which the Trustee is able to certify pursuant to 9.6 of the REIT Code.
- We also seek clarification on the proposed transitional arrangements for any changes proposed to be implemented at the conclusion of the consultation process and how any transactions that are announced prior to the commencement of the new arrangements, but for which the extraordinary general meeting is held or closing takes place after commencement of the changes, should be treated. For example, if a connected party waiver has been sought pursuant to the old regime, would publication of a supplemental announcement and circular be required to update the disclosure in the announcement and/or circular issued prior to implementation of the new regime?

ADDITIONAL MISCELLANEOUS COMMENTS

In addition to the general submission responses that we have provided above, we also propose other miscellaneous comments (i.e. excluding changes to implement our abovementioned general responses) in the attached Appendix 1.

We would also like to take the opportunity to invite the SFC to consider codifying the rules applicable to stapled securities structures in the REIT Code. Stapled securities structures are permitted and common in many overseas jurisdictions. In the interest of clarity and certainty, we consider that REIT Code should be amended to include clear rules and guidelines regarding stapled securities structures. Further clarification is necessary in respect of the business operation to be conducted under the non-REIT component. In Singapore, the Monetary Authority of Singapore allows the sponsor and the REIT to be operated and traded as a combined entity which conducts active business operations in addition to holding of a portfolio of passive income-producing properties. We believe that a similar move by the SFC will go a long way in enhancing the depth and vibrancy of the H-REIT market.

CONCLUSION

We thank the SFC for the opportunity to comment on the draft revised REIT Code. We would be pleased to meet with you directly, if appropriate, to discuss any aspect of our submission in more detail if it would assist your consideration of potential changes.

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APPENDIX 1
Other Miscellaneous Proposed Amendments to the REIT Code

SECTION REFERENCE IN REIT CODE	COMMENTS
Definitions	We suggest that a definition of "ancillary investments" be included. Flexibility should be allowed to include, for example, other real estate-related businesses or any other non-prohibited investments.
6.2	We submit that the requirement to undertake a full valuation with physical inspection for all real estate whenever there is an issuance of new units is overly burdensome and should be removed. The requirement discourages equity financing activities which are often opportunistic and arise within tight, time-sensitive windows. This is also not consistent with the principal of equal regulation with listed companies in Hong Kong.
7.1	Since financial instruments for genuine hedging purpose, bank deposits, as well as real estate related assets (e.g. plant and equipment) included as part of the real estate of the scheme in its valuation and financial statements may be disregarded as "other ancillary investments", we suggest inserting a corresponding clarification to 7.1. Otherwise, it is impossible for a REIT to invest at a maximum 25% of GAV in those investments permitted under 7.2C if the REIT holds cash and bank or other receivables at a certain proportion of its GAV.
7.2A	We suggest that the addition of a clarifying note to define the implications in the event of a breach of the requirement not to exceed 10% of the gross asset value of the scheme "at any time".
7.2AA	We suggest the deletion of the language "...increased from 10% of the gross asset value of the scheme..." and the replacement of the word "increase" in paragraphs (a) and (b) with the words "Property Development Cap" on the basis that not all H-REITs currently have the mandate to undertake Property Development and Related Activities.
7.2AA(c)	Reflecting our comments in response to Questions 6 and 10, we suggest deletion of the requirement in 7.2AA(c) to obtain the trustee's consent.
7.2B Note 2	We submit that the disclosure requirements for the investment portfolio of Relevant Investments should be relaxed to allow for a more general description of the key information regarding the Relevant Investments. If a REIT is required to provide full disclosure of its investment holdings, this may inhibit its investment strategy by allowing other parties to view what is otherwise commercially sensitive information and front-run or

	otherwise mirror its investment activity. The proposed requirement is also more onerous than that required of other listed entities.
7.2B Note 3	We agree that the investments in Relevant Investments should not result in any material change in the overall risk profile of REITs. In practice, suitable plain vanilla products may not be available in the market for REITs to enhance the returns to unitholders. We suggest that structured products and derivatives should be allowed as long as those investments would not result in any material change in the risk profile.
7.2C	For the same reasons stated in respect of 7.1 above, we suggest inserting a similar corresponding clarification to 7.2C as well.
7.5(c)	<p>We suggest that the introductory language for REIT Code 7.5 already refers to SPV's through which the H-REIT holds properties. Paragraph (c) is therefore circular and unnecessary after the deletion of the 2-layer requirement. If it is intended to apply more broadly to the holdings of the H-REIT, then we suggest that consideration be given to adding:</p> <ul style="list-style-type: none"> • property/asset management entities (especially for internally managed H-REITs); • flexibility for JV entities and hotel SPV's which necessarily need to perform functions for commercial and or licensing reasons. <p>We also suggest consideration be given to providing clearer guidance as to whether or not these types of entities may have employees, particularly where required pursuant to local regulatory and/or licensing requirements.</p>
7.5(f) and Note	We suggest the introductory language for 7.5 be clarified to include a reference to "joint venture entities" so as to be consistent with these provisions.
7.7A(c)	We suggest that the drafting be simplified to read " <i>a legal opinion that the relevant joint venture contract is legal, valid, binding and enforceable under applicable law.</i> "
7.7A(iv)	It is unclear why this is required specifically for a joint venture entity but not a wholly owned entity as it is not a risk specific to a joint venture entity that needs to be addressed. Accordingly we submit that this provision could be deleted.
7.7A Note (1)	We suggest that Note 1 is inconsistent with the proposal for H-REITs to be able to invest in Minority-owned Properties and accordingly should be deleted.
7.7C(e)	This is currently very broad and will potentially give rise to unintended uncertainty. We suggest consideration be given to adding a qualifier "where practicable" having regard to a percentage interest, and in line with the specific conditions in (g)

	and (i) below. It is also unclear if the requirements in (e) are satisfied by meeting specific conditions in (g) and (i).
7.7C(h)(ii)	We submit that these requirements may not be practicable where the target properties are owned by another H-REIT or one listed in Singapore or elsewhere. Whether such investments will fall under 7.2C(b) is unclear or will there be further exceptions given where joint ownership will be through widely held/listed vehicles (given minority investor protections enshrined in their respective jurisdiction regulations)?
7.7C(h)(ii)(j)	We submit that clarification is required to confirm whether or not any compulsory acquisition (i.e. "drag") rights of majority holders are included in the concept of "transfer or disposal of the assets".
7.9 Note (4)	We suggest that examples of the liabilities contemplated in this Note be provided.
7.12 Note (2)	We suggest this should be qualified in the case of Minority-owned Properties where only a percentage representing the REIT's interest needs to be distributed.
7.12 Note (3)	We suggest that the word "for distributions to holders" should be clarified by the inclusion of the qualification "pursuant to the scheme's distribution policy". Alternatively, confirmation could be provided as to whether or not this can be up to 90% in accordance with the broader distribution requirements.
8.7 (a) Note	Further to our comments in response to Questions 6 and 10, we suggest that the requirements "subject to the proper approval of the trustee." be deleted.
10.2 Note (2)	Further to our earlier responses to the consultation questions, we suggest that Note 2 be aligned with standard listed company requirements.
10.5 Note (2)	Further to our earlier responses to the consultation questions, we suggest that the Trustee's views should only be required for transactions that would necessitate the opinion of an independent financial adviser.