

## List of specific questions raised in the Consultation Paper

Question 1: Do you consider that flexibility in respect of property development investments and related activities should be introduced for REITs?

Respond 1: Controlling wealth growth is not the principle of the financial market. If SFC is allowing the establishment of REIT back in 2003, then putting a throttle in wealth growth using this REIT Code as instrument is like stabbing your own belief. The already installed REIT Codes has become a hallmark of the the old SFC management - a kind of naive and lack of wisdom.

Question 2: Do you consider that the 10% GAV Cap is set as an appropriate threshold?

Respond 2: As pointed out in Respond 1, there should not be any capping and limiting financial growth potentials.

Question 3: Do you have any comments on how the Property Development Costs should be calculated?

Respond 3: The Property Development Costs should be based on the Present Value of the submission of a particular project, and adjusted quarterly and then according to the Final Account in the year of Practical Completion.

Question 4: Do you have any comments on the frequency of periodic updates that should be provided to unitholders on the status of property development investments and related activities?

Respond 4: REIT managers should provide their estimates upfront at the time of acquisition, with agreed scientific estimate methodologies and third parties' validation. REIT managers should also provide quarterly updates, based on agreed scientific methodologies, to inform the market and unit holders of any subsequent increases to the Property Development Cost.

Question 5: What additional safeguards do you consider appropriate to ensure there will not be any material change to overall risk profile of a REIT despite the flexibility to engage in a limited extent of property development investments and related activities?

Respond 5: The existing Code for REIT is considered in line with the regional practice. However, the commitment of the REIT managers to improve our city and building stock is of vital importance. In releasing more flexibility to the REIT, the REIT must become more responsible and proactive towards our environment, energy saving, and building materials must be scrutinised. BEAM and LEED certifications to Gold and Platinum Ratings for proposed projects have to be compulsory. The management company should have the prerequisite scientific analysis capability and resources to produce analysis reports using agreed scientific methodologies. Each company should have competent, expertise, effective internal controls and risk management system for conducting such investment activities.

Question 6: Do you have any comments on the proposed scope of the Relevant Investments and the proposed Maximum Cap?

Respond 6: The proposed scope of the Relevant Investments is in line with the Regional Regimes. We do not agree to put a cap on the % of assets value for REIT.

Question 7: What other safeguards do you consider appropriate to be put in place corresponding to the proposal to allow for the Relevant Investments?

Respond 7: All REIT managers should go through integrity, intelligent and emotional tests, as well as their ethics and understanding of their duties and obligations imposed by the Code, in both written and oral tests, and a licensing system should be established for those who passed the tests. The qualified managers should be re-examined every 2 years and undertake CPD courses.

15th February, 2014.