

24 FEB 2014

The Securities and Futures Commission  
35/F Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

By Email

Dear Sir,

**RE: Consultation Paper on Amendments to the Code on Real Estate Investment Trusts**

It is noted that the above consultation is in process. We are pleased to hereby make our submission to the key aspects for your processing:

1. The flexibility in respect of property development investment and related activities should be introduced for REITs in Hong Kong as to align itself with market changes and international norms.
2. 10% GAV Cap for REITS to undertake property development investments and related activities is an appropriate threshold on risk management and in line with market practice in other overseas REIT regimes.
3. The SFC's proposal on the calculation of Property Development Costs is reasonable and worth to support.
4. REIT managers shall provide estimate upfront and periodic updates to inform market and unitholders of any subsequent increases to Property Development Cost.
5. 10% GAV Cap is good enough to be the safeguards as REIT managers owe a fiduciary duty to unitholders.
6. The proposed scope of the Relevant Investment and Maximum Cap are reasonable and we support it.
7. The proposed scope of the Relevant Investment is in line with comparable regional regimes and is reasonable.