



APREA

**ADVOCACY
BULLETIN
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VIBRANT VOICE OF REAL ASSETS

A U S T R A L I A

Major Reforms to Australia's Foreign Investment Framework Pass the Parliament



The reforms, which will commence on 1 January 2021, ensure that foreign investment framework keeps pace with emerging risks and global developments, including similar changes to foreign investment regimes in comparable countries. In particular, the new law will require foreign investors to: (1) seek approval for all investments in sensitive national security land or businesses (including starting such a business), regardless of value; (2) be subject to enhanced monitoring and investigation powers, as well as stronger and more flexible enforcement options and penalties; and (3) Continue to bear the costs of administering the foreign investment regime, under a reformed fee framework. The current temporary A\$0 monetary screening thresholds that were introduced in response to the coronavirus will be removed. However, mandatory screening of investments in sensitive national security businesses will continue at the current A\$0 monetary threshold.



CHINA

Interview Report from Asset Management Association of China (AMAC) to Asia Pacific Real Estate Association regarding China REITs

Last September 2020, APREA interviewed the Asset Management Association of China (AMAC). The interview covered myriad topics, from AMAC's views on REITs in China to REITs valuation methods and management fee structures. The interview's main takeaway was to study the markets in Hong Kong and Singapore as examples of well-managed relationships between Sponsors and their REITs.

SINGAPORE

Extension of Relief Period for specified categories of Scheduled Contracts under the COVID-19 (Temporary Measures) Act



Last April 2020, the Singapore Parliament passed the COVID-19 (Temporary Measures) Act 2020, which seeks to help ease some difficulties that Singaporean businesses have faced because of the COVID-19 pandemic. Particularly, Part 2 of the Act offers businesses and individuals temporary relief when they cannot fulfill contractual obligations because of COVID-19. Originally, the relief period was from April 20, 2020 to October 19, 2020. On October 12, 2020, the Singaporean government extended the relief period by at least one month from the original end date, and up to five months for certain categories of Scheduled Contracts.



HONG KONG, SAR

Amendments to the Code on REITs

Last June the Securities and Future Commission of HKSAR (SFC) proposed for public consultation certain amendments to the Code of Real Estate Investment Trusts to support its sustainable growth of H-REITs and remove certain REIT investment barriers. APREA, together with Baker Mckenzie and our members, have jointly submitted a response to the public consultation. In November, the SFC published their conclusions with all amendments being adopted including increasing the borrowing limit for REITs from 45% to 50% and allowing H-REITs greater flexibility to make investments in minority-owned properties and property development property projects. The amendments became effective in December 2020.

Prudential Measures for Mortgage Loans on Non-residential Properties

APREA lauds the Hong Kong Monetary Authority's recent announcement of a prudential measure to raise the applicable loan-to-value ratio caps (LTV ratio) for mortgage loans on non-residential property from 40% to 50% for general cases, which took effect on August 20, 2020. The LTV ratio relaxation could provide greater cash flow flexibility and allow non-residential real estate companies in Hong Kong to manage their debt and capital structures in light of the challenging operating environment during the COVID-19 pandemic.

INDIA



Meeting with Ministry of Finance on allowing FPIs, insurance companies, pension funds to invest in the debt securities of REITs and InvITs. Also to make a case for allowing bank lending to REITs.

To strengthen the REITs and InvITs market, numerous submissions and e-meetings were held with the Ministry of Finance, Reserve Bank of India and Insurance and Regulatory Development Authority of India, for allowing FPIs and insurance companies to invest in debt securities of REITs and InvITs and to allow bank lending to REITs.

Recently, APREA members again met with the Indian Ministry of Finance to discuss pertinent topics, ranging from allowing borrowing and issuing debt securities by trusts to cross-collateralisation. Additionally, APREA members were asked to comment on proposed amendments to the Trusts Act.

Sixth Edition of the Primer on India's REITs and InvITs "India's New real Estate and Infrastructure Trusts: The Way Forward"

In 2014, regulations regarding Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT) were introduced in India, and since then, APREA in collaboration with PwC India has been publishing and updating the primers on these two investment vehicles. The sixth edition of the REITs and InvITs primer includes updates to regulations and taxation changes; an overview of the market for REITs and InvITs, not only in India, but across other countries; and benefits for stakeholders who plan to invest in REITs and InvITs; among other topics.

INDIA

APREA members were invited for pre-budget 2021 meetings in December 2020 with the Hon'ble Finance Minister of India.



Pre-budget 2021 discussion were held with members and submissions were prepared for real estate and infrastructure. Please contact [Neetu Singh](#) to request for a copy of the submissions.

India Infra and InvITs committee

India Infra and InvITs committee was formed to take forward the agenda of driving infrastructure investments into India as the government has ambitious plans for the National Infrastructure Pipeline (NIP). Mr. Hardik Shah, Managing Director, KKR India has been appointed as the Chair. Mr Mihir Nerurkar, Managing Director and Chief Operating Officer, Brookfield Infrastructure group India and Mr. Ruchir Sinha, Partner and Head Mumbai, Touchstone Partners have been designated as Co-Chairs.

SEBI Eases Fund Raising Norms for REITs, InvITs

In light of the pandemic, SEBI (Securities and Exchange Board of India) has made fundraising easier for listed REITs and InvITs. By providing certain relaxations, SEBI is allowing REITs and InvITs to raise equity capital through the institutional placement route two weeks after a previous attempt, instead of the previous mandated time gap of six months.

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