

THE REIT STRUCTURES

	Hong Kong REIT (H-REIT)	Singapore REIT (S-REIT)	Japan REIT (J-REIT)	South Korea REIT (K-REIT or CR-REIT)
Structure	Closed ended unit trust.	Closed ended unit trust or mutual fund corporation.	Closed ended corporate structure.	Closed ended corporate structure. Corporate Restructuring REIT (CR-REIT) or general REIT (K-REIT).
Minimum capital requirement	None.	None.	JPY 100m.	Stock company K-REITs KRW 50bn.
Authorization requirements	Licensing of the management company and authorization of the H-REIT by the Securities and Futures Commission.	Authorization of S-REIT under the Securities and Futures Act.	For Corporation: Registration in the recording office and the Financial Services Agency. For Management Company: Licensing by the Ministry of Land, Infrastructure and Transport (MLIT) approval by the Financial Services Agency and, for listing on TSE, membership of the Investment Trusts Association.	K-REITs must obtain approval from the Ministry of Construction and Transportation.
Fund management	External or internal manager	External manager required. Manager must have 5 year track record.	External manager required.	External or internal manager.

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Investment restrictions	Investment activities are limited to investment in real estate. The H-REIT may not engage in property development activities, however H-REITs may acquire uncompleted units comprising less than 10% of the NAV.	At least 70% of total assets must be invested in real estate or real estate-related securities and at least 35% of the property fund's deposited property should be invested in real estate. Investments can be made in real estate, mortgage-backed securities, other property funds, assets which are incidental to the ownership of real property, listed and unlisted debt securities and listed shares of property companies and cash or cash equivalents. Investment in uncompleted non-residential developments may not exceed 20% of the value of total assets. Not more than 5% of total assets can be invested in the listed shares of property and non-property companies or in listed or unlisted debt securities of one single issuer.	For listing on TSE and in order to qualify for tax deduction, at least 75% of total assets must be invested in real estate or real estate-backed securities including negotiable securities, monetary debts, trust beneficiary rights and interest in silent partnerships. For listing on TSE at least 50% of total assets must be income generative and unlikely to be sold within 1 year. Accordingly, investment in property development is limited to 50% of total assets.	CR-REITs must invest at least 70% of total assets in real estate disposed of by companies undergoing a corporate restructuring or by companies that require the proceeds of a particular asset sale to satisfy debt requirements. K-REITs must invest at least 90% of total assets in real estate, real estate associated securities and cash. At least 70% of total assets must comprise of real estate. K-REITs are limited to 10% of the voting securities of a corporation. Investment in property development is permitted for up to 30% of total assets.

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Geographical restrictions	None.	None.	More than 50% of total shares of the J-REIT must be offered in Japan in order to qualify for tax deduction. All real estate the corporation invest in must be stated in Japan for listing on TSE.	None.
Borrowing restrictions	Gearing is limited to 35% of gross asset value.	Gearing is limited to 35% of total assets unless borrowings used rate A or above by Fitch Inc., Moody's or Standard or Poor's or credit rating of fund is at least A by one of these rating agencies.	The lender must be a qualified institutional investor in order to qualify for tax deduction.	REITs cannot borrow funds, except for short-term borrowings used to manage cash flow issues.
Shareholder restrictions			For listing on TSE 10 largest shareholders must own less than 75% of shares in the J-REIT and the number of shareholders must be more than 1000. 3 largest shareholder groups, in order to qualify for tax deduction, must represent 50% or less of J-REIT	In a K-REIT, one single shareholder and its related party cannot own more than 10% of the total number of shares issued.

			shares.	
Earnings payout	Required to distribute at least 90% of annual net income after tax both on operative income and on capital gain on disposed investments. No depreciation. Annual distributions.	Required to distribute at least 90% of taxable income each year on operative income. No requirements for capital gain on disposed investments. No depreciation. Semi-annual distribution (in practice).	Required to distribute more than 90% of adjustable taxable income in order to qualify for tax deduction. One distribution per business period which is generally 6 months.	K-REIT required to distribute at least 90% of equity less capital and reserve. No requirement for CR-REIT. One distribution per fiscal year.

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Tax treatment at the level of REIT	<p>Income tax: H-REIT is subject to property tax for property held directly. Dividend income from SPVs is tax exempt from profits tax.</p> <p>No capital gain tax.</p> <p>No withholding tax.</p>	<p>Income tax: not taxable at trustee level to the extent of taxable income distributed.</p> <p>No capital gains tax.</p> <p>70% on distributions to non-resident corporate unit holders.</p>	<p>Income tax: J-REIT is subject to corporate income tax but distributions are deductible under certain conditions.</p> <p>Capital gain tax is also subject to corporate income tax..</p> <p>Dividends are deductible with more than 90% payout.</p>	<p>K-REIT:Property income forms part of the taxable profit and is taxed at 14.3 % on income up to KRW 100m and 27.5% on income above KRW 100m. Capital gains form part of the taxable profit and are treated like property income.</p> <p>CR-REIT: Property income forms part of the taxable profit but a full exemption is applicable if 100% of taxable income is distributed as dividends. Capital gains are treated like property income. CR-REITs are exempt from registration tax and acquisition tax.</p> <p>Withholding tax on all REIT dividends is 16.5% to Korean individual shareholders. Dividends to offshore shareholders may be reduced pursuant to the application of</p>

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				tax treaties
				All REITs enjoy 50% reduction in acquisition, registration and capital gain taxes.
Tax treatment at shareholder's level	Unit holders are not subject to Hong Kong tax in respect of the dividends received from the H-REIT. Overseas investors may be subject to tax in their home countries in respect of the dividends.	S-REITs established as a unit trust are tax transparent if they distribute over 90% of income. S-REIT dividends are exempted from tax for individuals. Local and overseas corporate unit holders are taxed on income distributions at 20%.	Dividends paid to individual investors are subject to withholding tax of 20%, income tax of 20% and local tax of 0% are included, and to individual investors holding less than 5% of total units are subject to withholding tax of 10%, income tax of 7% and local tax of 3% are included, until 31 March 2008. . Dividends to corporations are only subject to 7% withholding tax. Dividends paid to qualified pension funds are not subject to tax.	Dividends paid to a local corporate shareholder are subject to corporate income tax of 14.3% for taxable income up to KRW 100m and 27.5% for income above KRW 100m. Deduction on dividends received is permitted. Local individual shareholders are subject to 14.3% income tax rate for interest and dividend income below KRW 40m. Above KRW 40m same taxes as for corporate shareholders apply. Dividends distributed to foreign shareholders are subject to withholding tax of 27.5% or other as agreed in applicable tax treaties.

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Withholding tax for foreigners	None.	20% (10% reduction for foreign non-individual investor, effective up to 17 February 2010).	Reduced withholding tax for listed J-REIT at 7% (from 20%) for investors holding less than 5% of total units effective up to 31 March 2008.	27.5% on foreign distributions (where there is no special tax treaty).
Mandatory listing	Yes.	Yes for S-REITs established under a corporate structure.	No. Only closed ended J-REITs are eligible for listing on the TSE.	Yes for K-REIT. CR-REITs must list as soon as they are able to observe the relevant eligibility and listing criteria.
Special listing requirements	None.	Minimum asset size of S\$ 20m if denominated in Singapore Dollars. At least 5,000 shareholders before listing and at least 25% of units must be held by at least 500 public shareholders.	Total assets of JPY 5bn and net asset value of JPY 1bn. At least 4,000 units must be in issue at the time of listing. At least 1,000 investors must hold the units at the time of listing.	None.
Number of entities	3 H-REIT listed on Hong Kong Stock Exchange	5 S-REITs listed on Singapore Stock Exchange	30 or more J-REITs listed on Tokyo Stock Exchange or Fukuoka Securities Exchange the requirement of which is not different from ones of TSE	3 CR-REITs listed on Korea Stock Exchange