

## **Report on Survey of S-REITs Regulations and Practices**

In order to activate the real estate securitization market in Taiwan, the Financial Supervisory Commission collected foreign REIT legal frameworks through external research plan, took into account with the successful experience of foreign countries with relatively sound REIT development such as Japan, Hong Kong, and Singapore, and took into consideration with the development of Taiwan's REIT market practice, hoping to improve REIT issuance incentives, rate of return and simplify financing methods by adjusting Taiwan's REIT legal structure.

S-REIT adopts fund structure and is operated by the fund management institution. It is the second largest REIT market in Asia after Japan. Its investment area has spread to Europe and the United States. The legal system has become increasingly complete and the S-REIT market is developing very rapidly. If it is proposed to amend the operational mechanism and supervision structure of the law of Taiwan REIT in the near future, it is necessary to take S-REIT development and practical experience for reference.

During this visit to study about Singapore S-REIT successful experience, we could find several valuable key issues worthy for our reference: 1. REIT structure in Taiwan could adopt fund structure as well as S-REIT. 2. The sponsor plays a key role, and there should be relevant incentives to encourage the sponsors to support REIT. 3. Allow sponsors and management institutions to be interest parties, and establish an internal control system to avoid conflicts of interest. 4. The valuation system should have clear specifications to ensure that REIT evaluations are fair and reasonable. 5. Create a friendly REIT investment environment to facilitate product diversification. 6. Improve corporate governance standards and enhance REIT investor confidence. 7. Appropriately simplify REIT review procedures. 8. The REIT loan ratio can be adjusted appropriately.