



10 August 2018

Division Head  
Corporate and International Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

By email: [stapledstructures@treasury.gov.au](mailto:stapledstructures@treasury.gov.au)

### **Stapled Structures Second Stage Exposure Draft Legislation**

Thank you for the opportunity to respond to the Exposure Draft legislation in relation to stapled structures and the affordable housing / residential managed investment trust reforms.

### **Lendlease – International Property and Infrastructure Group**

Lendlease is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas. Headquartered in Sydney, Lendlease is committed to creating better places and delivering innovative and sustainable property and infrastructure solutions. Our core capabilities are reflected in our operating segments of Development, Construction and Investments, which we combine to deliver innovative integrated solutions.

### **Stapled structure integrity – improvement**

As both a member of and investor in Australia's REIT market, we support measures to improve the integrity of the system and ensure stapled structures are not used to inappropriately re-characterise trading income as passive income.

### **MITs investing in offshore build to rent assets – confirmation**

We have reviewed the Exposure Draft and confirm that our previous concerns regarding the ability for managed investment trusts to invest in offshore build-to-rent assets have been adequately addressed. We acknowledge and appreciate Treasury's efforts through the consultation process to address our concerns.



### **Build to Rent in Australia – a step in the right direction**

In relation to Australian build-to-rent assets, the changes adopted to clarify that managed investment trusts can invest in these assets is a step in the right direction. We understand that the Government has made a policy decision to treat Australian residential investments differently from other commercial real estate investments. However, we believe that foreign investors in Australian build-to-rent assets being taxed at the corporate rate will lead to an under-investment in the supply of housing in Australia. Should government policy considerations change, we would be interested in being involved in further consultation.

### **Industry Support – PCA Submission**

Further, we support the recommendations put forward by the Property Council of Australia in relation to the Exposure Draft.

Please contact me if you require any further assistance and we would of course be happy to participate in any ongoing consultation.

Yours sincerely

A handwritten signature in black ink, appearing to be "Tarun Gupta", written in a cursive style.

**Tarun Gupta**  
**Group Chief Financial Officer**  
**Lendlease**