



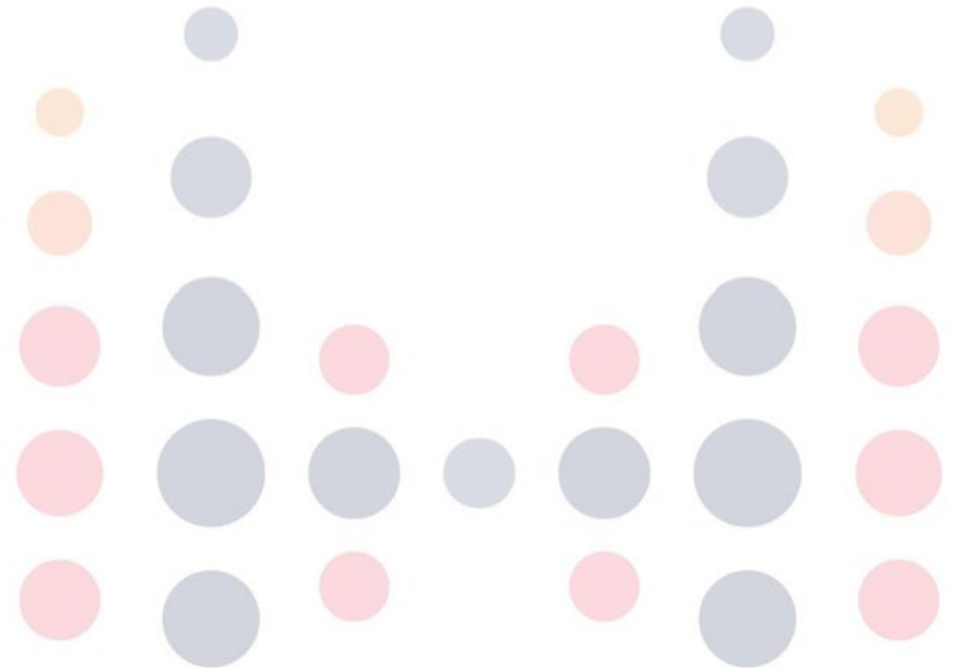
**HKREITA**

香港房託基金協會有限公司  
Hong Kong REITS Association Limited

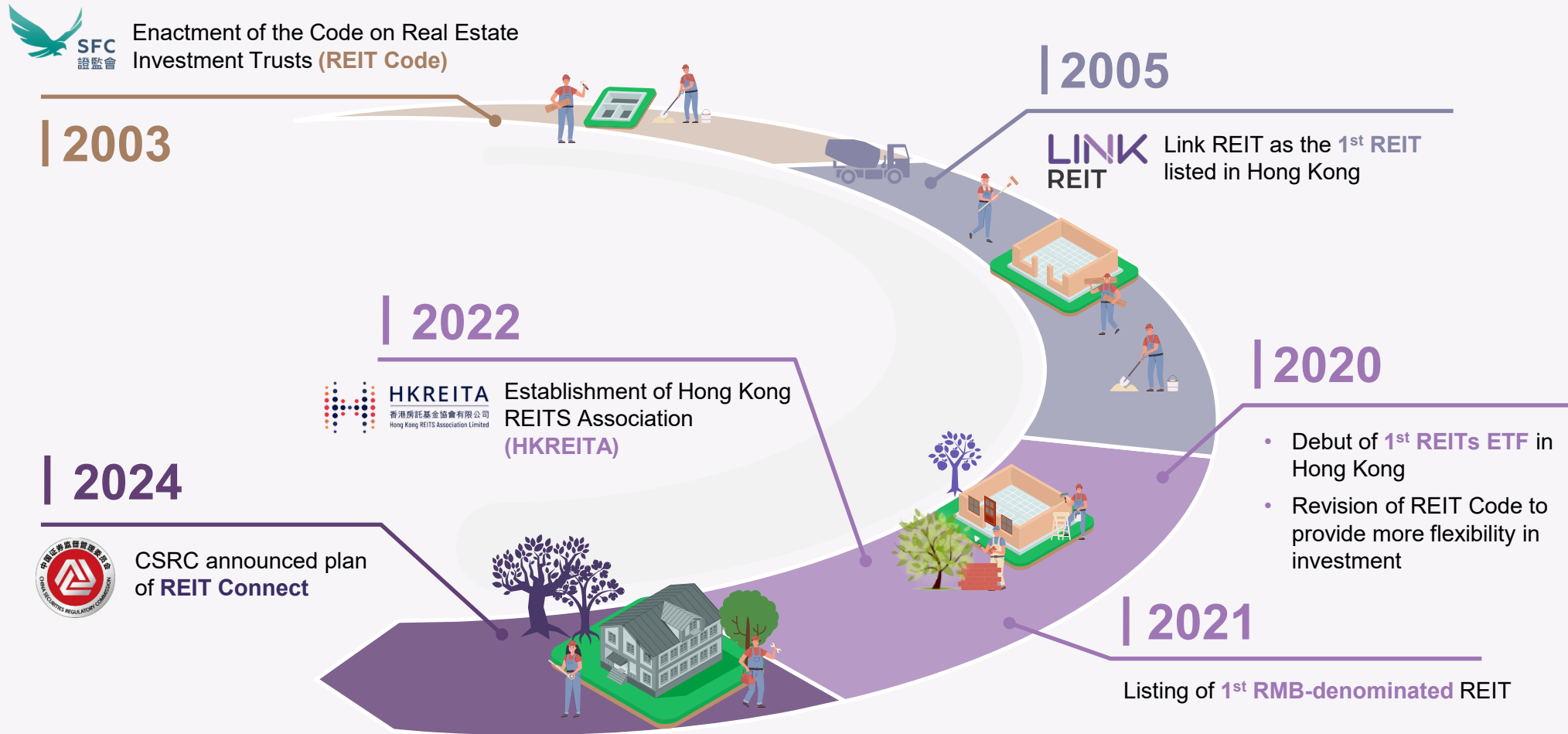
# **REITAS Annual Conference 2025 & Regional REITs Forum**

## **Hong Kong REIT Market**

**16 September 2025**



# H-REIT Development Milestones



H-REIT market has been gradually evolving since the regime commenced in 2003

# Overview of H-REIT Market

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Number of REITs Listed

US\$60bn

Value of Assets under H-REITs

US\$18bn

Total Market Cap

6.7%

Average Distribution Yield<sup>(1,3)</sup>

23.0%

Average Net Gearing<sup>(1)</sup>

US\$36mn

Average Traded Value<sup>(1,2)</sup>

## Characteristics of H-REITs



Mainly focus on **Greater China commercial** and **retail** properties



**Solid balance sheets** with **low gearing ratios**






Distributions **not subject to HK tax** while **no tax transparency**

Sources: Bloomberg, HKEX

Notes: Market data as of 27 Aug 2025; (1) Weighted average of listed H-REITs; (2) Average 20-day traded value; (3) Trading yield as of 27 Aug 2025 closing.

**H-REIT market has much room to grow on the back of HK's deep capital market and abundant liquidity**

# REIT Management Model – Internal vs External

	Internally Managed REIT	Externally Managed REIT
 <b>Organisational Structure</b>	<ul style="list-style-type: none"> <li>Fully-fledged REIT manager with its own functions from front to back offices as part of the listed REIT</li> <li>Need to build own capabilities to deliver alpha</li> <li>Critical mass is important for cost efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>External REIT managers often have lean team structure</li> <li>Rely on support by sponsors over operating (e.g. PM) and corporate functions (e.g. legal and HR)</li> <li>Sponsors can enjoy economies of scale when managing multiple platforms</li> </ul>
 <b>Inorganic Growth</b>	<ul style="list-style-type: none"> <li>Initial infrastructure and team build-up can take time</li> <li>Active deal sourcing independently</li> <li>Maintain strong B/S to give 3<sup>rd</sup> party sellers deal certainty as a competitive edge</li> <li>Natural expansion to fund management for growth</li> </ul>	<ul style="list-style-type: none"> <li>Benefit from sponsors' support for asset pipeline, talent pool and other resources</li> <li>Asset warehousing by sponsors</li> <li>Better inorganic growth visibility alongside sponsors' recycling initiatives</li> </ul>
 <b>Management Fees &amp; Interest Alignment</b>	<ul style="list-style-type: none"> <li>Cost recovery basis for REIT manager expenses incurred</li> <li>No charges over AUM or transactional activities</li> <li>Management remuneration designed to align with unitholders' interests with board oversight</li> <li>To incentivise the right decisions and actions for unitholders</li> <li>True value of the internal manager may not be reflected in the unit price</li> </ul>	<ul style="list-style-type: none"> <li>Fees traditionally charged on AUM and NPI</li> <li>Increasingly linked to distributable income and DPU for better interest alignment</li> <li>Acquisition and divestment fees charged including interested person transactions which could be lucrative to the sponsors</li> </ul>

**External management is far more common in Asia markets;  
Link REIT is a successful example of internally managed REITs**

# ●● Link REIT: Development Milestones Since IPO

## Link Asset Management Limited as the Internal REIT Manager

**2005**

- Acquisition of retail assets from HKSAR Government
- 1<sup>st</sup> REIT listed in Hong Kong


**2011**

- **First asset acquisition** in HK


**2015 – 2019**

- **Diversified into Mainland China** and established our footprints in Tier 1 cities (Beijing, Shanghai, Guangzhou, Shenzhen)


**2021**

- Entered logistics sector in Mainland China


**2022**

- **Entered Singapore**


**Now**

- Launched **Link Real Estate Partners**


**2006 – 2011**

- Insourced leasing and property management
- Asset enhancements to unlock value


**2014**

- 1<sup>st</sup> asset disposal after IPO

**2017 – 2018**

- Disposals of two HK asset portfolios at attractive premium


**2019 – 2020**

- **Initial international expansion into Australia and the UK**


**2021 – 2022**

- Further expansion in Australia with local partners


**2023 – 2024**

- **First equity fundraising** after IPO: US\$2.4B rights issue
- Completed 100<sup>th</sup> asset enhancement in HK
- Announced the Link 3.0 Strategy


**Link 1.0**

Active Asset Management in Hong Kong

**Link 2.0**

Portfolio Expansion

**Link 3.0**

New Phase of Growth

# Link REIT: Development Milestones Since IPO

## Resilient Earnings and Growth Supported by Diversification

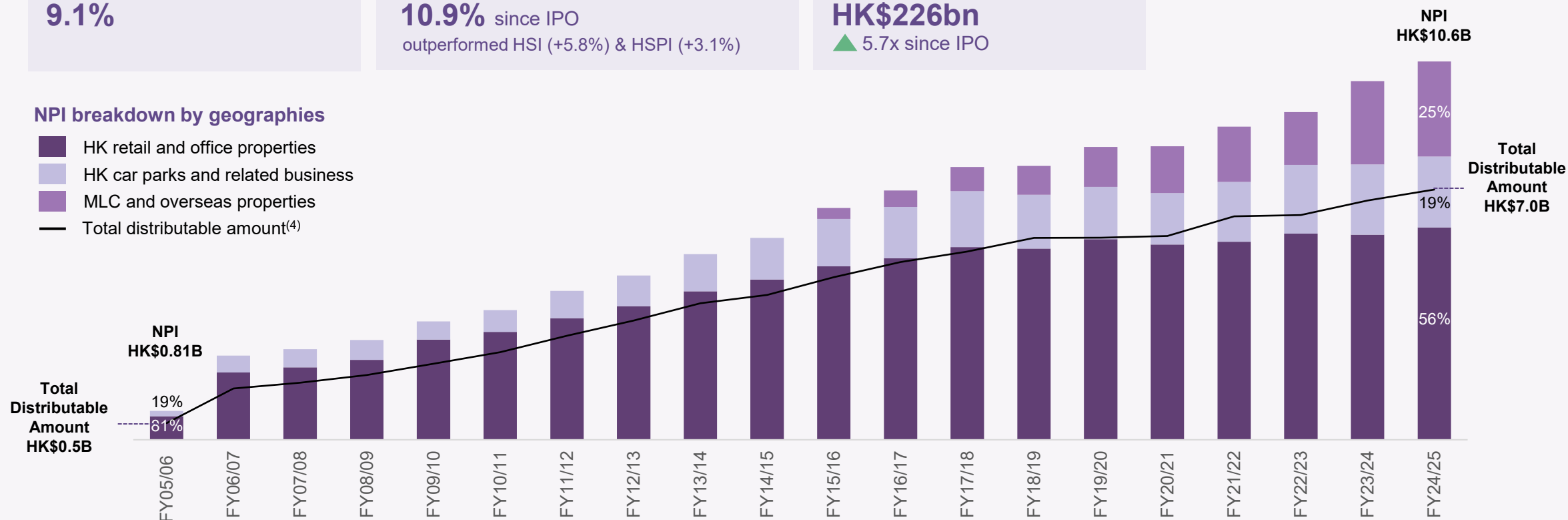
Distributable Amount CAGR<sup>(1)</sup>  
**9.1%**

Annualised Total Unitholder Return<sup>(2)(3)</sup>  
**10.9%** since IPO  
outperformed HSI (+5.8%) & HSPI (+3.1%)

Portfolio Value  
**HK\$226bn**  
▲ 5.7x since IPO

### NPI breakdown by geographies

- HK retail and office properties
- HK car parks and related business
- MLC and overseas properties
- Total distributable amount<sup>(4)</sup>



Source: Bloomberg; Data as of 26 May 2025

(1) Based on FY2005/2006 pro rata distribution amount of HK\$1,342M.

(2) Calculation based on (i) distribution declared and paid in cash, (ii) distribution declared and paid in Units under the distribution reinvestment scheme, (iii) Unit buy-back conducted and (iv) market capitalisation.

(3) Excluded FY2024/2025 final distribution.

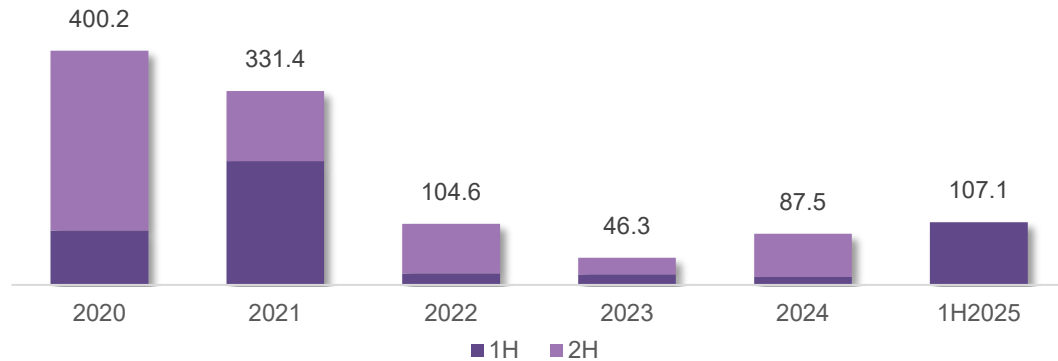
(4) Excluding discretionary distribution from FY2014/2015 to FY2021/2022.

**Fulfil our fiduciary duty and act for the long-term sustainable interest of our independent unitholders**

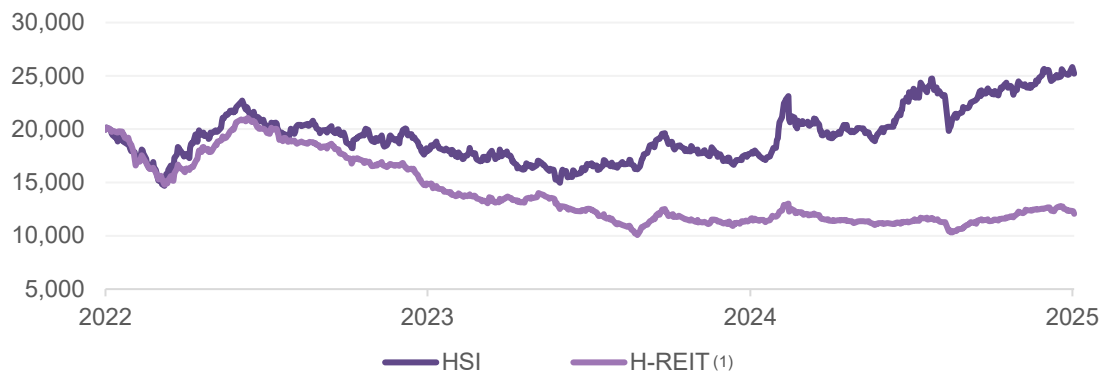
# HK Capital and Property Market Trends

## HK capital market is seeing a boom ...

### HK IPO Fund Raising for the last 5 years



### Hang Seng Index performance for the last 3 years



## ... but HK property market is still facing ongoing challenges



Northbound leakage and shifting tourist spending habit

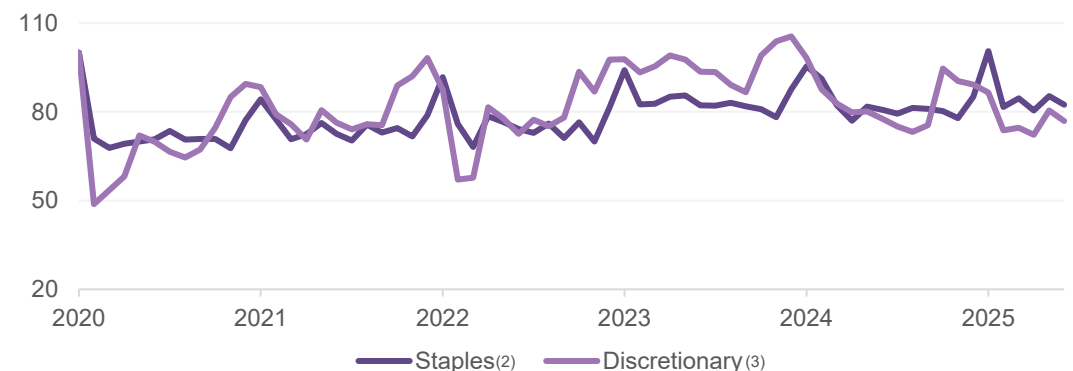


Structural challenge with weak consumption spending



Increasing cost of living

### HK retail sales value (rebased to 100)



Source: Bloomberg, CBRE, Hong Kong Census and Statistics Department

Notes: (1) Simple average of H-REITs share price rebased to HSI; (2) Staples include food, alcoholic drinks & tobacco, supermarkets, fuels and other consumer goods; (3) Discretionary include clothing, footwear & allied products, jewellery, watches, clocks & valuable goods, dept. stores and consumer durable goods/

**Potential opportunities for H-REITs with strong balance sheets that invest for the long term across cycles; Operational capabilities and diversification as important differentiations as we ride through the challenges**

# Recent H-REIT Themes



## Interest Rate Outlook

- US interest rate outlook is critical, given the HK's linked exchange rate system to the US
- After enduring the higher-for-longer rate environment over the past few years, H-REITs start to see light at the end of the tunnel with rate cuts that are favourable to distributions and unit prices



## Supportive HK Government Measures

- The HK government is supportive in promoting and developing HK into a vibrant H-REIT market in Asia
- Recent initiatives include (i) stamp duty waiver for trading of H-REIT units to boost liquidity and market appeal and (ii) extending grant scheme until 2027 to subsidise listing expenses for H-REITs



## REIT Connect as Catalyst for New Era of Growth for H-REIT

- Following the announcement by the China Securities Regulatory Commission (CSRC) in 2024, the inclusion of REITs in Stock Connect is progressing through technical preparation
- H-REIT market would benefit from enhanced liquidity, providing Mainland Chinese investors with differentiated and attractive exposure in addition to fast-growing onshore public C-REIT sector



# ●● Outlook and Future Development

Recommended measures that will revitalise the H-REIT market



We look forward to further development of the H-REIT market  
as a diversified and collaborative community