

Link REIT

Attractive yields with buyback support

1 June 2026

Company Overview

Link REIT is the largest listed REIT in Hong Kong and primarily owns neighbourhood retail malls and car park spaces in Hong Kong, which account for more than 70% of its total portfolio valuation. As of Mar-26, its portfolio was valued at approximately HKD210bn, spanning five regions across APAC and diversified across multiple asset classes. Going forward, Link REIT aims to reinforce its core capabilities in managing retail assets across APAC while pursuing recycling opportunities for non-core assets.

Investment Overview

A leading property investor and manager in APAC. Link REIT is the largest listed REIT in Hong Kong, with a portfolio primarily comprising neighbourhood retail malls and car park assets in Hong Kong, which account for over 70% of its total portfolio valuation. As of Mar-26, the portfolio was valued at approximately HKD210bn, spanning five markets across APAC and diversified across multiple asset classes. Going forward, Link REIT aims to strengthen its core capabilities in managing retail assets across APAC, while actively pursuing capital recycling opportunities for non-core assets.

Cost-saving initiatives to offset negative reversion impacts. Link REIT's Hong Kong retail portfolio recorded a negative rental reversion of 8.2% in FY26, which is expected to persist into FY27. Together with ongoing challenges in its China retail portfolio, this is likely to weigh on near-term rental income growth. Nevertheless, management has been actively optimising its cost structure, with annualised cost savings of over HKD200m expected to take effect in FY27. This should help offset part of negative rental reversion impacts across the Hong Kong and China portfolios.

Unit buyback to enhance unitholder returns. Link REIT will fully utilise proceeds from selling Swing By @ Thomson Plaza (SGD250m or c.HKD1.5bn) for unit repurchases. This should provide support to unit price performance while enhancing unitholder returns. In addition, Link REIT is exploring divestment opportunities for non-core assets, which account for 5–10% of total portfolio valuation. Successful disposals could further increase the scale of potential buybacks.

BUY with TP of HKD43.65. Link REIT offers a distribution yield of 6.2-6.1% for FY27–28F, implying a yield spread of 1.8-1.7%. Our target price is derived using a Discounted Dividend Model (DDM) with a discount rate of 6.9%.

Risks

A deterioration in Hong Kong's non-discretionary retail market could weaken rental income performance. In addition, any delay in interest rate cuts may adversely affect both distributions and valuation.

Percy LEUNG | Jeff YAU

Analysts

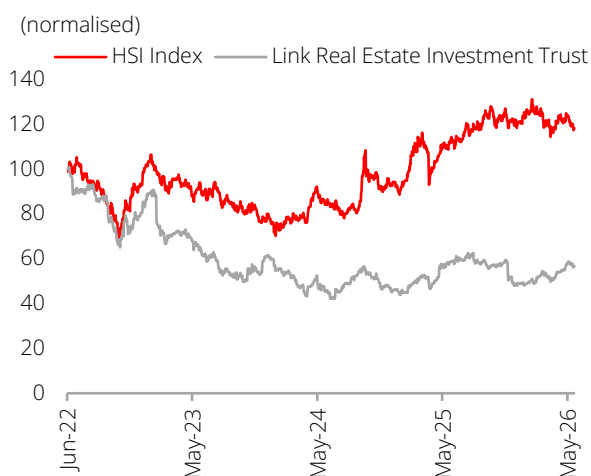
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Key Financial Data

Bloomberg Ticker	823 HK
Sector	Equity Real Estate Investment
Share Price (HKD)	40.38
DBS Rating	BUY
12-mth Target Price (HKD)	43.65
Market Cap (USDbn)	13.39
Volume (mn shares)	24.81
Dividend yield (%)	6.28
P/Book (x)	0.70
ROE (%)	-4.72

Closing Price as of 29 May 2026
Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance



Source: S&P

Financial Summary (HKDmn)

FY Mar	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Gross Revenue	13,578	14,223	13,938	13,702	13,602
% y/y	11.0	4.7	(2.0)	(1.7)	(0.7)
Net Property Income	10,070	10,619	10,230	10,090	9,960
% y/y	9.5	5.4	(3.7)	(1.4)	(1.3)
Total Return	(1,983)	(8,863)	(7,397)	6,503	6,364
% y/y	nm	nm	nm	nm	(2.1)
Distribution Inc	6,718	7,025	6,577	6,503	6,364
% y/y	6.5	4.6	(6.4)	(1.1)	(2.1)
FCF	4,752	7,527	6,527	7,787	7,665
% y/y	nm	58.4	(13.3)	19.3	(1.6)
CAPEX	(3,729)	(1,486)	(1,934)	(625.0)	(625.0)
% y/y	(80.8)	(60.2)	30.1	(67.7)	0.00
Net Prop Inc Margin (%)	74.2	74.7	73.4	73.6	73.2
Dist. Payout Ratio (%)	100.0	100.0	100.0	100.0	100.0
ROA (%)	(0.8)	(3.7)	(3.3)	3.0	2.9
ROE (%)	(1.1)	(5.2)	(4.7)	4.3	4.2
Tax Rate (%)	22.4	7.6	12.3	13.8	13.8

Source: DBS

Valuation Metrics

FY Mar	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
P/B (x)	0.6	0.6	0.7	0.7	0.7
Distribution Yield (%)	6.5	6.8	6.3	6.2	6.1
P/NAV (x)	0.6	0.6	0.7	0.7	0.7
FCF Yield (%)	3.1	4.9	4.2	5.0	4.9
Net DPS (HKD)	2.6	2.7	2.5	2.5	2.4
BV Per Share (HKD)	69.9	63.4	57.9	57.8	58.5

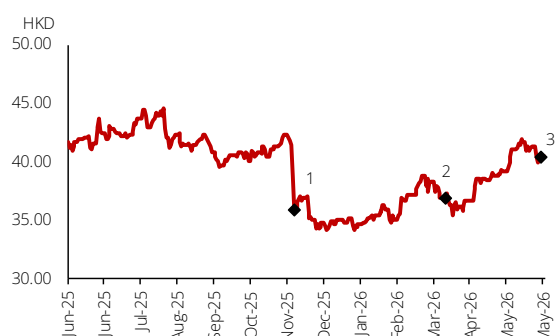
Source: DBS

Credit & Cashflow Metrics

FY Mar	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Debt / Equity (x)	0.3	0.3	0.4	0.4	0.4
Net Debt / Equity (x)	0.3	0.3	0.4	0.3	0.3
Debt / Assets (x)	0.2	0.2	0.3	0.3	0.3
Net Debt / Assets (%)	23.5	nm	nm	nm	nm
Aggregate Leverage (%)	23.5	23.1	25.6	25.8	25.7
EBITDA / Int Exp (x)	3.7	nm	nm	nm	nm
ST Debt / Total Debt (%)	13.4	nm	nm	nm	nm
Debt / EBITDA (x)	6.3	nm	nm	nm	nm

Source: DBS

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions

Source: DBS

Analysts: Percy LEUNG
Jeff YAU

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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