

From Base Camp to Higher Horizon:

The Link REIT's Ascent

從基地營邁向更高地： 領匯的第一個五年

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This year marks the fifth anniversary of The Link Real Estate Investment Trust ("REIT") since it went public in Hong Kong in November 2005. Since our inception, the management has focused on improving the facilities and management standards of our 181 retail and car park properties in Hong Kong to provide better services to our community.

And our report card has been impressive: The Link Management Limited has delivered consistent growth with an average compound annual return of over 21 percent during the past five-year period, which saw an uptake in distribution and unit price. Since The Link is still a young company, kudos should be given to our 800-plus staff for their hard work, and also to our tenants for their continual support. The Link REIT is determined to make this gain a sustainable one.

The Link REIT is Hong Kong's first and also Asia's largest REIT in terms of market capitalization. The Link's portfolio of 181 retail and car park properties are at the doorstep of the Hong Kong's population. The REIT is wholly privately owned investment trust with a diverse base

of unit-holders ranging from international institutional investors, pension funds and charity funds to individual investors worldwide.

To enhance the corporate culture of our nascent organization and cultivate a business with sustainable growth, we unveiled our Vision, Mission and Values statements last November together with a set of "Management Standards" to define the focus of our corporate culture and the guiding principles for our decision making.

To achieve our vision of becoming a world class real estate investor and manager, we are determined to run our business in ways that can best serve the needs of our tenants, shoppers, employees, investors and the community at large.

Our mission is to enhance our relationships with business partners by providing value and quality services, and partner with local communities to deliver sustainable growth.

We believe our Vision, Mission and Values should be embedded in every aspect we execute our business to help us build a sustainable business. Therefore, our staff are expected to espouse values including

Respect, Excellence, Integrity and Teamwork.

Since our initial public offering in 2005, we have strived to run our business in an open and transparent manner, bolstered by a strong set of corporate governance, policies and procedures based on the highest governance, risk management and both statutory and operational compliance concepts. Our corporate governance culture is incorporated into concrete objectives and performance standards to guide our daily work and decisions.

This year marks our first report of our sustainability performance, based on the internationally-accepted Global Reporting Initiative guidelines and standards.

Our Sustainability Report is an overview

of the progress we have achieved in seven focus areas, namely: corporate governance, community, tenants, staff, environment, economy, and asset/brand. We aim to report honestly on our achievements as well as setbacks in these specific scopes. Our Sustainability Report, which was published with our annual report in June, has highlighted our sustainability considerations which will significantly shape the future direction of The Link REIT.

Since the end of 2009, we have directly and indirectly created over 3,300 employment opportunities in property management, security, cleaning services and construction work relating to our asset enhancement initiatives. Moreover, enhanced operating environment of our shopping centers have spurred more businesses for our general retailers and food and beverage operators who would, in turn, create more jobs in the community.

Our portfolio not only provides the platform for major retailers to serve the community but it also allows quality independent operators (QIOs) to grow in the local market, as evidenced by a number of small retailers who started businesses in our shopping centers and have since expanded within our portfolio and beyond. Compared to five years ago, the number of QIOs rose by around 400 and totaled 3,305. The Link Tenant Academy has organized seminars and workshops for retailers on topics ranging from security features of banknotes to energy conservation.

We continued to lease about 8 percent of our portfolio in terms of internal floor area to education, welfare and non-governmental organizations.

Through numerous community engagement projects such as "Eco-terrace", "Lok Fu History Gallery" and "Bring Art to the Community", we have promoted the concept of green living, cultivated an appreciation of the arts and fostered bonding in the community.

There is always room for improvement and we will drive our businesses to achieve organic growth through rental reversion, asset enhancement initiatives, higher occupancy and improved trade mix.

Cost management is a major focus since we are confronted with pressure from hikes in utility tariffs and government rents and rates. We strive to maintain costs over staff, repair and maintenance close to the current level.

Ongoing energy saving initiatives such as upgrades of lighting systems and air conditioners will help us save costs and reap environmental benefits.

The Link exceeded the Minimum Wage Ordinance requirement to offer reimbursement to service contractors to bridge the pay gap for paid rest-day and meal-break for their outsourced contract workers, even though such measures has increased our labour costs for cleaning services, security, car park management and maintenance.

In addition, we are committed to spend no less than HK\$200 million in the next five years to retrofit our properties to enable barrier-free access.

Costs control will be challenging for us as we continue to elevate our service standards. Diligent austerity measures are necessary to mitigate any rise in costs, and help us improve the cost to income ratio on a year-on-year basis.

Last year, we made public of our intention to seek growth opportunities beyond the current portfolio in Hong Kong.

Our first acquisition to purchase the commercial podium of Nan Fung Plaza, located opposite to Hang Hau MTR Station in Tseung Kwan O district, for HK\$1.17 billion at about 4.3 percent rental yield each year was completed on 11 July. This acquisition marks The Link REIT's first venture into retail facility in private residential development and its first acquisition since IPO. It represents a new horizon of growth and

an enhancement of our business strategy. It further demonstrates our capability in property investment and management. The combination of Nan Fung Plaza with our nearby Hau Tak Shopping Centre has created synergy which can supplement the revenue growth opportunities of our portfolio.

We will continue to rollout asset enhancement projects on more properties and invest in our assets. Following the change to direct management, we will continue to review our property management operations to improve service standards.

To nurture a pool of management talents, we have introduced a Management Trainee Programme last year, whereby trainees will undergo a two-year intensive on-the-job training and rotations. We will continue to recruit more graduates in the near future.

Similar to mountain climbing, we have now successfully reached the base camp. We are ready to venture the ascent and head to a higher horizon. All the initiatives outlined here are essential for The Link REIT to build a sustainable platform and instill change in those who live around us.

領匯房地產投資信託基金於2005年11月上市，到今年剛好是五周年。在這五年間，管理團隊著重提升旗下181項零售及停車場物業的設施及管理質素，以期為香港社區提供更優質的服務。

領匯管理有限公司一直持續穩定的增長。在過去五年間，領匯房地產投資信託基金錄得平均超過21%的複合年度回報率，包括分派及單位價格的增長。領匯仍然是一間年青的公司，我們800多名員工的努力及商戶的持續支持實在功不可沒，我們決心把這個增長優勢延續下去。

以市場值計算，領匯是亞洲最大型的房地產投資信託基金，亦是香港首家房地產投資信託基金，物業組合內的181項零售及停車場物業與香港人口密集區域為鄰。我們是一家百份百私人持有的投資信託基金，基金單位持有人背景多元化，包括國



際機構投資者、退休基金、慈善基金，以及分佈世界各地的個人投資者。

為了進一步發展這間年青公司的企業文化，同時促進業務的長期可持續長，我們於2010年11月推出新的願景、使命和價值宣言，並配合一套管治標準，為管理層及員工確立更清晰的業務焦點及管理文化，並作為制定決策時的指導原則。

領匯的抱負是成為世界級的房地產投資及管理機構，服務社群並提升其生活質素，故此我們的營運方針，一直堅持要為商戶、顧客、員工、投資者及整體社群提供最好的服務。

我們的使命是透過與社區結伴，建立緊密的關係，提供物有所值及優質的服務，共同創造以達致可持續長。

互相尊重、追求卓越、恪守誠信及團隊精神，是領匯履行使命和達成抱負的價值標準，亦是所有員工應抱持的信念。在公司每一方面的營運中，我們均會謹守及貫徹這抱負、使命和價值，從而建立長遠及可持續發展的業務。

自2005年上市以來，我們透過一套建基於高度企業管治、嚴格風險管理和符合法規及業務運作需要的規管制度、措施和業務流程，致力以公開及高透明度的方式營運。這個企業管治文化已融入於實質的營運發展目標及表現評核標準當中，為日常工作及決策提供指標。

本年度我們根據國際認可全球報告倡議組織的指引及標準，完成首個可持續發展報告，與我們期望成為世界級房地產投資及管理者的願景一致。

這個可持續發展報告，從七個重點領域概述我們在處理主要議題方面的進展，包括企業管治、社區、商戶、員工、環境、經濟及資產/品牌。我們期望坦誠及公開地報告我們在這些方面的成就，以及挫折。這份可持續發展報告將與年度報告同時於本年6月出版，顯示了可持續性發展的多

方面考慮對領匯房地產信托基金未來發展路向的重大影響。

自2009年底起，我們直接及間接於物業管理、保安、清潔服務，以及與我們資產提升工程相關的建築工作方面，創造了超過3,300個職位。提升後的領匯商場提供了更優質營商環境，促進了零售及餐飲商戶生意的增長，進一步為社區締造更多零售及服務業的就業機會。

除一些主要零售商外，很多小商戶在我們的物業組合內創業及發展，其後業務甚至進一步在領匯的組合內外擴展，證明我們的物業組合為優質的獨立營運商戶提供了良好的發展機會。對比五年前，領匯旗下小商戶的數目增加400個到目前的3,305個。我們設立了領匯商戶學堂，為商戶舉辦講座及工作坊，內容包羅萬有，範圍從鈔票驗證以至節約能源等。

我們會繼續將物業組合8%的內部樓面面積，以優惠租金租予提供服務的教育、福利及非政府機構。

我們透過「都市梯田」、「樂富情懷歷史展」及「藝術入社區」等社區活動，向公眾推廣綠色生活，培養公眾對藝術及社區文化及歷史寶藏的興趣，並加強社區凝聚力。

領匯的投資組合仍然有改善空間，我們會繼續透過續租、資產提升、提高租用率及改善商戶組合，持續推動業務增長。

由於公共服務收費、政府地租及差餉增長等外在因素，持續為支出項目增添壓力，因此成本管理是我們一個著重的焦點。同時我們會努力將員工、維修及保養方面的支出穩定於現有的水平。作為長遠可持續發展計劃的一部份，我們會在物業內持續推行節能措施，包括照明及空調系統提升計劃，以創造更好的環境和成本效益。

領匯超越香港的法定最低工資要求，為承辦商補足其提供予外判合約員工有薪休息

日及有薪用膳時間的費用差額。此項安排會增加我們在清潔、保安、停車場管理及維修服務方面的外判支出。我們亦確定會投放不少於2億港元，在未來5年內於旗下物業提升無障礙設施。

控制成本而又同時提升服務標準，將會是我們的挑戰。我們需要更有效的成本控制，以減緩支出增長，從而達到成本對收入比率按年改進的目標。

去年，我們宣佈在香港現有投資組合以外尋求發展機會的意向，以充分利用我們的專業能力及知識，而考慮因素則包括投資回報率、資金成本和資產增值的潛力。我們相信在本港的收購可創造協同效益，增加投資組合收入增長的機會。

領匯於本年7月11日宣佈完成購入位處將軍澳港鐵坑口站對面的南豐廣場商場的協議，作價11.7億港元，回報率達4.3%。這是領匯自2005年上市以來的首個收購項目，亦是我們首次涉足私人住宅屋苑的零售設施。這次收購為領匯旗下物業組合增添一項能提供穩定收入的優質物業，南豐廣場商場部分與鄰近之厚德商場產生無疑能發揮協同效應，標誌新增長領域的開拓，有助強化領匯之業務策略。

我們會繼續把資產提升計劃推廣至更多物業，並投放資源改善物業質素標準，為社區提供更優質的服務。繼轉為直接管理後，我們會繼續檢討物業管理運作，以進一步提升服務水平。

為了培養未來業務發展所需的管理人才，領匯於去年推出見習管理人員培訓計劃。行政見習員各接受為期兩年、密集式的在職培訓，又會被調派至多個部門學習。未來數年，我們會繼續聘請更多畢業生加入這個計劃。

以攀山作比喻，領匯已成功抵達基地營。我們已裝備好自己，從基地營向高處邁進。上述的措施將有效地為領匯搭建可持續發展的平台，進而改善周邊社群的生活。