



An Update on the Regulatory Landscape

10 May 2024

Securities and Futures Commission

Market landscape and overview

Hong Kong REITs market statistics • Growth of market capitalization since Nov 2005 • Market capitalization as at 30 September 2022 • Average daily turnover for 2021 • Hang Seng REIT Index Total Return Index (since launch in October 2008 to 30 September 2022)	+705% HK\$177 billion HK\$453 million +525% (HSI TRI: +154%)
M&A activities in 2022 • Total consideration	Over HK\$8 billion
Fundraising activities in 2022 • Fund raised through secondary offerings (such as rights issue and listed debts)	Over HK\$11 billion
MPF Investments • Over 230 MPF funds invested in REITs	Approx. HK\$4 billion

Regulatory regime of Hong Kong REITs

Code on Real Estate Investment Trusts (REIT Code) – sets out authorization and ongoing requirements on REITs

- Principles-based, balanced and pragmatic approach
- Welcome consultation and maintain close dialogue with REIT managers and industry

Reference to Listing Rules

- Hong Kong REITs are generally regulated with reference to requirements applicable to listed companies under the Listing Rules if there are no specific requirements in the REIT Code
- Requirements on connected party transactions and notifiable transactions are broadly aligned with the Listing Rules
- Requirements for bookbuilding and placing activities have also been aligned with the Listing Rules in August 2022

Core requirements and regulatory focus

Focus on

Core requirements and regulatory focus

No restriction on the location or type of property

- A wide range of acceptable real estate asset classes
- Examples: logistics, data centres, hospitals and infrastructure properties

May invest in **infrastructure properties** if the key requirements in the REIT Code can be complied with – including:

- Properties can generate recurrent income or fee streams, e.g. highways, bridges, tunnels, power plants, telecommunication towers, etc.
- The REIT has legal and proper right / concession / mandate to operate the infrastructure properties or projects
- The REIT manager has the necessary experience, technical expertise and resources to manage them

Transparent authorisation and listing process

Submission of application

Grant scheme and other recent developments

On 24 February 2021, the Financial Secretary announced new subsidies for the coming 3 years designed to encourage the listing of REITs

The SFC launched and opened the REIT grant scheme for applications on 10 May 2021

The REIT grant scheme has been extended for another three years until 9 May 2027

Grant scheme and other recent developments

Mainland's launch of public infrastructure REITs

- More potential opportunities and connectivity in the long run

Qianhai Authority and the Financial Services and Treasury Bureau – 18 measures

- For Qianhai high-quality infrastructure projects which are listed on HKEX in the form of REITs, a one-off reward of RMB 1 million will be provided to the project owners

Compulsory acquisition and scheme of arrangement mechanism

- Legislative amendments being considered, which will facilitate M&A activities

A large, stylized bird logo in light blue and green, positioned on the left side of the slide. The bird is facing right, with its wings spread wide. The body is a darker green, and the wings are a lighter blue-green. The tail feathers are also visible.

Potential applicants are welcome to contact the SFC at
REIT-enquiry@sfc.hk or 2231 2400
on new REIT listing / investment proposals

Thank you.
www.sfc.hk