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## **Link Real Estate Investment Trust**

*(a collective investment scheme authorised under section 104  
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*  
**(stock code: 823)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

The board of directors (the **Board**) of Link Asset Management Limited (the **Manager**), as manager of Link Real Estate Investment Trust (**Link**), is pleased to report to unitholders (the **Unitholders**) the unaudited interim results of Link and its subsidiaries (the **Group**) for the six months ended 30 September 2019.

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2019, after review by the audit and risk management committee of the Manager (the **Audit and Risk Management Committee**), were approved by the Board on 13 November 2019.

#### **OVERALL FINANCIAL RESULTS**

During the six months under review, revenue and net property income increased by 8.2% and 8.3% year-on-year to HK\$5,332 million (six months ended 30 September 2018: HK\$4,930 million) and HK\$4,071 million (six months ended 30 September 2018: HK\$3,759 million), respectively.

On a like-for-like basis<sup>(1)</sup>, revenue and net property income increased by 7.8% and 8.5% year-on-year, respectively.

Total distributable amount, after adjustments and a discretionary distribution of HK\$145 million (six months ended 30 September 2018: Nil), amounted to HK\$2,966 million (six months ended 30 September 2018: HK\$2,759 million).

Interim distribution per unit for the period increased by 8.3% to HK141.47 cents (six months ended 30 September 2018: HK130.62 cents).

Valuation of the investment properties portfolio reached HK\$220,434 million. Net asset value per unit grew 1.2% to HK\$90.58 (31 March 2019: HK\$89.48).

**Note:**

<sup>(1)</sup> Excluding any properties acquired, divested and/or newly operational (as applicable) during the periods under analysis.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Portfolio Growth

#### Our Key Strengths

Link continued to leverage on its strong asset and capital management and asset enhancement capabilities over a diversified portfolio in Hong Kong and Mainland China. We are the leader in the industry in terms of capital management, with low funding cost to facilitate active portfolio management through acquisition, divestment and development. We deliver long-term sustainable return to our Unitholders, and have returned capital to Unitholders in the form of unit buyback and discretionary distribution.

#### Management

As a leading real estate investor and manager, Link strives to build a quality portfolio that grows through different business cycles. We continue to maintain a balanced and resilient trade mix through active asset management to attract shoppers and tenants.

#### *Hong Kong Portfolio*

##### *Revenue Analysis*

Our portfolio which focuses on mass market non-discretionary trades continued to show resilience despite weakness in the overall retail market in Hong Kong. On a like-for-like basis, total revenue increased by 8.8% year-on-year.

##### *Retail*

On a like-for-like basis, the total retail revenue increased by 8.9% year-on-year. Our properties in Hong Kong are mostly connected to public housing estates and benefit from having sizeable catchments and good connectivity. As at 30 September 2019, occupancy rate for the portfolio remained stable at 96.9% and the overall portfolio reversion rate stood at 18.1%. Average monthly unit rent improved to HK\$69.6 per square foot (*psf*) as at 30 September 2019 from HK\$68.0 psf as at 31 March 2019.

## Revenue Breakdown

	Six months ended 30 September 2019 HK\$'M	Six months ended 30 September 2018 HK\$'M	Year-on-year change %	Like-for-like basis year-on-year change %
<b>Retail rentals:</b>				
Shops <sup>(1)</sup>	2,778	2,659	4.5	9.8
Markets/Cooked Food Stalls	451	452	(0.2)	4.4
Education/Welfare and Ancillary	70	67	4.5	9.4
Mall Merchandising	91	90	1.1	5.8
<b>Expenses recovery and other miscellaneous revenue</b>	<b>196</b>	<b>182</b>	<b>7.7</b>	<b>9.6</b>
<b>Total revenue</b>	<b>3,586</b>	<b>3,450</b>	<b>3.9</b>	<b>8.9</b>

*Note:*

<sup>(1)</sup> Rental from shops included base rent of HK\$2,746 million (six months ended 30 September 2018: HK\$2,615 million) and turnover rent of HK\$32 million (six months ended 30 September 2018: HK\$44 million), respectively.

## Operational Statistics

	Occupancy rate		Reversion rate		% of total area <sup>(1)</sup>
	As at 30 September 2019 %	As at 31 March 2019 %	Six months ended 30 September 2019 %	Six months ended 30 September 2018 %	As at 30 September 2019 %
Shops	96.9	97.4	18.9	20.4	84.5
Markets/Cooked Food Stalls	95.3	92.2	12.5	26.7	8.6
Education/Welfare and Ancillary	99.5	99.5	14.0	12.9	6.9
<b>Total</b>	<b>96.9</b>	<b>97.1</b>	<b>18.1</b>	<b>22.5</b>	<b>100.0</b>

*Note:*

<sup>(1)</sup> Total excluding self-use office.

## Portfolio Breakdown

	No. of properties	Retail properties valuation	Retail rentals	Average monthly unit rent <sup>(1)</sup>		Occupancy rate	
		As at 30 September 2019 HK\$'M	Six months ended 30 September 2019 HK\$'M	As at 30 September 2019 HK\$ psf	As at 31 March 2019 HK\$ psf	As at 30 September 2019 %	As at 31 March 2019 %
Destination	6	31,681	694	91.4	86.7	96.6	95.4
Community	35	82,138	1,896	76.5	75.2	96.5	97.7
Neighbourhood	57	32,952	800	49.3	48.4	97.6	97.0
<b>Total</b>	<b>98</b>	<b>146,771</b>	<b>3,390</b>	<b>69.6</b>	<b>68.0</b>	<b>96.9</b>	<b>97.1</b>

*Note:*

<sup>(1)</sup> Average monthly unit rent represents the average base rent plus management fee per month per square foot of leased area.

Our trade mix has remained stable with over 60% of monthly rent from food-related tenants. During the period, our tenants' average monthly retail gross sales psf recorded a 1.4% growth.

Despite the economic slowdown, "Food and Beverage" and "Supermarket and Foodstuff" trades recorded 2.1% and 4.5% year-on-year growth in gross sales psf, respectively. "General Retail" tenants gross sales psf dropped by 0.6% year-on-year.

For the reporting period, rent-to-sales ratio of our Hong Kong portfolio stood at 14.4% while those of "Food and Beverage", "Supermarket and Foodstuff" and "General Retail" tenants were 14.7%, 12.3% and 16.2%, respectively.

## Trade Mix

(As at 30 September 2019)

Trade	By monthly rent	By leased area
	%	%
Food and Beverage	28.9	29.4
Supermarket and Foodstuff	20.7	17.0
Markets/Cooked Food Stalls	13.6	8.5
Services	11.2	10.7
Personal Care/Medicine	5.8	3.9
Education/Welfare and Ancillary	0.9	7.1
Valuable Goods (jewellery, watches and clocks)	0.9	0.5
Others <sup>(1)</sup>	18.0	22.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Note:

<sup>(1)</sup> Others include clothing, department stores, electrical and household products, optical, books and stationery, newspapers, leisure and entertainment.

## Portfolio Lease Expiry Profile

(As at 30 September 2019)

	% of total area	% of monthly rent
	%	%
2019/2020	11.9	12.9
2020/2021	21.8	24.5
2021/2022 and Beyond	58.9	58.4
Short-term Lease and Vacancy	7.4	4.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Car Parks

The continuous demand-supply imbalance has been supporting our car park portfolio of approximately 57,000 parking spaces. However, during the reporting period, our hourly parking was affected by a drop in weekend visits. As a result, total car park revenue only recorded a year-on-year increase of 8.2% on a like-for-like basis. For the period ended 30 September 2019, car park income per space per month increased by 8.2% year-on-year to HK\$2,929.

## Revenue Breakdown

	Six months ended 30 September 2019 HK\$'M	Six months ended 30 September 2018 HK\$'M	Year-on-year change %	Like-for-like basis year-on-year change %
<b>Car parks rentals:</b>				
Monthly	759	745	1.9	10.8
Hourly	229	243	(5.8)	0.9
<b>Expenses recovery and other miscellaneous revenue</b>	<b>1</b>	<b>2</b>	<b>(50.0)</b>	<b>(50.0)</b>
<b>Total revenue</b>	<b>989</b>	<b>990</b>	<b>(0.1)</b>	<b>8.2</b>

## Key Car Park Performance Indicators

	Six months ended 30 September 2019	Six months ended 30 September 2018
Car park income per space per month (HK\$)	<b>2,929</b>	<b>2,706</b>
	<b>As at 30 September 2019</b>	<b>As at 31 March 2019</b>
Total valuation (HK\$'M)	<b>37,486</b>	<b>35,059</b>
Average valuation per space (HK\$'000)	<b>663</b>	<b>625</b>

## Expense Analysis

On a like-for-like basis, total property operating expenses increased mildly by 6.0% and net property income margin of Hong Kong portfolio stayed steady at 76.6% (six months ended 30 September 2018: 76.0%). Statutory minimum wage was revised from HK\$34.5 per hour to HK\$37.5 per hour in May 2019, as a result, property managers' fees, security and cleaning expenses grew 9.2% during the reporting period on a like-for-like basis.

## Property Operating Expenses Breakdown

	Six months ended 30 September 2019 <i>HK\$'M</i>	Six months ended 30 September 2018 <i>HK\$'M</i>	Year-on-year change %	Like-for-like basis year-on-year change %
Property managers' fees, security and cleaning	286	269	6.3	9.2
Staff costs	226	235	(3.8)	2.3
Repair and maintenance	98	99	(1.0)	4.3
Utilities	159	156	1.9	3.3
Government rent and rates	154	143	7.7	8.2
Promotion and marketing expenses	52	53	(1.9)	(3.8)
Estate common area costs	42	44	(4.5)	7.7
Other property operating expenses	90	72	25.0	17.6
<b>Total property operating expenses</b>	<b>1,107</b>	<b>1,071</b>	<b>3.4</b>	<b>6.0</b>

### *Mainland China Portfolio*

Our Mainland China properties represent 12.5% of the portfolio by value, comprises of five properties spanning across the four tier-one cities. During the reporting period, our Mainland China portfolio contributed total revenue of HK\$732 million and net property income of HK\$578 million, representing a 49.4% and 48.2% year-on-year increase, respectively.

The four retail properties in Mainland China were almost fully let with an average occupancy rate of 99.0% as at 30 September 2019. We are pleased to see our acquisitions have yielded promising results and we plan to rebrand all retail properties in Mainland China with a unified identity – Link Plaza. Our latest additions – Beijing Jingtong Roosevelt Plaza in Beijing Tongzhou and CentralWalk in Shenzhen Futian – performed satisfactorily and delivered good reversions during the period. Leasing demand for EC Mall and Metropolitan Plaza continued to remain strong. The average reversion rate of the retail portfolio was maintained at a high level of 31.5% during the period. We will continue to enhance their asset qualities by active re-tenanting to meet the changing needs of shoppers and tenants. For CentralWalk, we are now planning an asset enhancement project to extract greater potential from this asset.

Located in Shanghai Jingan District with vibrant communities and multinational companies, our office property, Link Square 1 & 2, achieved satisfactory results with office occupancy rate standing at 95.1% as at 30 September 2019 and office reversion rate at 13.5%. We have decided to set up our Mainland China headquarters at Link Square to provide centralised management of our expanding portfolio in Mainland China.

## Portfolio Lease Expiry Profile

(As at 30 September 2019)

	Retail		Office	
	% of total area %	% of monthly rent %	% of total area %	% of monthly rent %
2019/2020	9.9	14.3	9.3	10.5
2020/2021	16.6	22.7	19.7	21.0
2021/2022 and beyond	72.5	63.0	66.1	68.5
Vacancy	1.0	–	4.9	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Enhancement

Link has explored various opportunities to upgrade its portfolio and promote organic growth throughout the years and we have completed 80 asset enhancement projects since IPO. Two projects – Nam Cheong Place and Choi Ming Shopping Centre – were completed in the reporting period with a total capex of HK\$278 million.

Adjacent to Nam Cheong MTR station, Nam Cheong Place (formerly known as Fu Cheong Shopping Centre) has been transformed into a mass-mid market shopping centre that offers a brand-new shopping experience. Supported by recently completed large-scale private residential and existing public housing estates in the vicinity, we have repositioned the shopping centre into a modernised community hub by relocating some G/F tenants to 1/F and converted the space into a new 42-stall fresh market. The fresh market is well-received by our catchment as it offers a great variety of fresh produce, in-season seafood and light refreshment in a clean and welcoming environment. With a modernised façade, Nam Cheong Place enjoys synergistic effect with the mid-high discretionary shopping mall next door. A variety of mid-range food & beverage outlets plus ancillary goods and services are offered to complement the retail offerings nearby. We expect the growing catchment will continue to support local consumption, especially for non-discretionary spending.

Located in Tseung Kwan O, Choi Ming Shopping Centre was refurbished to expand patronage from the local community. Apart from upgrading the common facilities, we have also downsized a Chinese restaurant and added new food & beverage outlets and retail shops to offer a wider variety. The newly-decorated façade, with its design concept proposed by two design school students, increased Choi Ming Shopping Centre's visibility and successfully differentiated the shopping centre from a mix of retail facilities nearby.



Looking ahead, our asset enhancement pipeline is comprised of projects at various stages. Albeit the base has become higher and large-scale enhancement projects have become more difficult, we will continue to look for asset enhancement opportunities and aim to achieve double-digit return on investment. Benefits from asset enhancement do not come just in the immediate rental uplift in the first leasing cycle, but will also be reflected in the stronger growth in the second leasing cycle and beyond.

### Return on Investment of Asset Enhancement Projects Completed in the Six Months Ended 30 September 2019

	<b>Total project capex HK\$'M</b>	<b>Estimated return on investment<sup>(1)</sup> %</b>
Nam Cheong Place <sup>(2)</sup>	174	14.0%
Choi Ming Shopping Centre	104	18.3%
<b>Total</b>	<b>278</b>	

*Notes:*

<sup>(1)</sup> Estimated return on investment is calculated based on projected net property income post-project minus net property income pre-project divided by estimated project capital expenditure and loss of rental.

<sup>(2)</sup> Enhancement included fresh market.

### Asset Enhancement Pipeline

	<b>Number of projects</b>	<b>Estimated costs HK\$'M</b>
Underway	8	835
Under planning	>15	>900
<b>Total</b>	<b>&gt;23</b>	<b>&gt;1,735</b>

## Approved Asset Enhancement Projects Underway

	<b>Estimated costs HK\$'M</b>	<b>Target completion date</b>
Tsz Wan Shan Shopping Centre	161	Late 2019
Fung Tak Shopping Centre <sup>(1)</sup>	60	Late 2019
Hin Keng Market <sup>(1)</sup>	73	Late 2019
Yiu On Shopping Centre	35	Late 2019
Sheung Tak Plaza <sup>(1)</sup>	166	Early 2020
Lok Fu Place	172	Mid 2020
Kai Tin Shopping Centre	139	Mid 2020
Choi Yuen Plaza	29	Early 2021
<b>Total</b>	<b>835</b>	

*Note:*

<sup>(1)</sup> Enhancement included fresh market.

## Acquisition and Divestment

We rolled out Vision 2025 last year as our medium-term target to propel us forward. We aim to deliver high single-digit portfolio growth and improve productivity by establishing a culture of excellence and creativity. Currently, Link owns 126 properties in Hong Kong and five properties in Mainland China. To extend the growth trajectory of Link, we have increased our effort in finding suitable acquisition opportunities to drive inorganic growth.

As a long-term investor, we are focusing on opportunities that offer good growth potential and value accretion. While acquisition opportunities are limited in Hong Kong, we continue to look for potential investment opportunities in Mainland China, targeting mass-mid retail properties and grade-A office buildings in the four tier-one cities and their surrounding river delta areas. Properties with good connectivity, limited competition, sizeable catchment and good growth potential are our key selection criteria. We will continue to be disciplined in selecting the right properties that are complementary to the existing portfolio, while remaining opportunistic to acquisition opportunities in other geographies and property types that may help extend the growth trajectory of Link.

In 2018/2019, we divested a batch of 12 properties to a consortium of institutional investors, achieving a 32.1% premium to the appraised values as of 30 September 2018. Sales proceeds have been deployed to new investment opportunities, debt repayment, return of capital and general corporate purposes. Capital recycling will continue to be one of Link's many value creation alternatives.

## Development

Development allows us to be involved at the earliest stage of the property life cycle to design, build, and hold quality properties that deliver sustainable return. Upon completion of The Quayside development earlier this year, we now have up to 10% of our gross asset value that can be deployed to development projects in compliance with the threshold limit under the Code on Real Estate Investment Trusts (the **REIT Code**) and Link's trust deed (the **Trust Deed**). We will continue to explore and identify suitable development opportunities in Hong Kong.

## Valuation Review

As at the end of the reporting period, total value of investment properties rose by 0.9% to HK\$220,434 million from HK\$218,496 million as at 31 March 2019.

The value of our Hong Kong retail properties and car parks rose by 1.9% to HK\$146,771 million (31 March 2019: HK\$144,096 million) and 6.9% to HK\$37,486 million (31 March 2019: HK\$35,059 million), respectively. The increase in value was mainly driven by the increase in net property income resulting from continuous asset management and higher rental achieved. The value of our Hong Kong office was valued at HK\$8,698 million as at 30 September 2019. Properties in Mainland China were valued at HK\$27,479 million (31 March 2019: HK\$28,793 million) whereas the decrease in valuation was due to Renminbi depreciation. Excluding the translation difference, value of our Mainland China properties recorded an increase of 1.0% in Renminbi terms.

Pursuant to the requirements of the REIT Code, Jones Lang LaSalle Limited will retire after serving a consecutive term of three years and completing the valuation as at 30 September 2019. Colliers International (Hong Kong) Limited will be appointed as the principal valuer of Link. It will start valuing Link's property portfolio from the March 2020 end valuation using income capitalisation approach, cross-referencing market comparables via direct comparison approach. Adopting only one valuation methodology is in line with Hong Kong market practice of property valuation and the proposed change is in compliant with the Trust Deed and the Manager's compliance manual.

## Valuation Approach

	<b>As at 30 September 2019</b>	<b>As at 31 March 2019</b>
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### Income capitalisation approach – capitalisation rate

#### Hong Kong

Retail properties	<b>3.00% – 4.20%</b>	3.00% – 4.20%
Car parks	<b>3.00% – 4.80%</b>	3.50% – 4.80%
Office property	<b>3.00%</b>	N.A.

#### Mainland China

Retail properties	<b>4.25% – 4.75%</b>	4.25% – 4.75%
Office property	<b>4.25%</b>	4.25%

### Capital Management

During the period under review, the US labour market and economic activity remained strong. However, amid the escalating US-China trade war, US business fixed investment and export weakened. Market expectation on interest rate outlook substantially reduced. The US Federal Reserve reduced interest rate two times for a total of 0.5%. 10-year US Treasury bond yield fell from 2.4% in March to 1.4% in August.

HK\$ market interest rate was more volatile than US\$ market interest rate during the period under review due to the large size initial public offerings in Hong Kong and the volatile capital markets. 1-month HIBOR touched 3.0% in early July before retreated to 1.9% at the end of September 2019.

In March 2019, Link announced the pricing of HK\$4 billion guaranteed green convertible bonds due 2024 at 1.6% per annum. It is the first ever green convertible bonds launched globally in the real estate sector and for Hong Kong issuers. The issue of the guaranteed green convertible bonds was completed on 3 April 2019.

In July 2019, management took advantage of the tightened bond yields and issued HK\$716 million 5-year notes at 2.28% per annum. In August 2019, Link further issued HK\$1 billion 7-year notes at 2.50% per annum.

Since June 2019, the political unrest and protests in Hong Kong continued to escalate. Although market sentiment was affected, the banking and credit markets in Hong Kong remained robust. Link closed a self-arranged 4-year club loan facility with 18 banks in September 2019 at an all-in interest cost of 0.8% over HIBOR per annum. The facility was upsized from the original amount of HK\$5 billion to HK\$12 billion due to the overwhelming market response. Our 18 relationship banks placed great confidence in Link's business resilience to economic cycles. The club loan facility will be used for general corporate purposes including the replenishment of loans maturing in the next 12 months. Moreover, the upsized facility has further strengthened Link's funding and liquidity position to potentially capture suitable business opportunities in line with our Vision 2025.

As at 30 September 2019, the Group's total debt increased slightly to HK\$27.8 billion (31 March 2019: HK\$24.5 billion). The Group's available liquidity increased to HK\$25.0 billion (31 March 2019: HK\$16.1 billion), comprising HK\$6.3 billion cash and deposits (31 March 2019: HK\$6.8 billion) and HK\$18.7 billion undrawn committed facilities (31 March 2019: HK\$9.3 billion). The average life of committed debt facilities rose to 3.9 years (31 March 2019: 3.6 years). Gearing ratio mildly increased to 11.9% (31 March 2019: 10.7%).

As at 30 September 2019, the effective interest cost of the Group's HK\$ debt portfolio remained stable at 3.23% (31 March 2019: 3.12%). 64.7% of our HK\$ debt was maintained at fixed interest rate (31 March 2019: 69.8%). Average life of HK\$ fixed rate debt, a measure of the average period of interest rate protection provided by HK\$ fixed rate debt, remained stable at 5.1 years (31 March 2019: 4.8 years).

To better manage the Group's surplus cash to enhance returns to our Unitholders, we have invested about HK\$2 billion in investment-grade bonds with maturity of up to five years. As at 30 September 2019, the average number of years to maturity of our bond portfolio was 3.5 years. The average bond yield was 3.6% while the credit rating of the bond portfolio was about BBB+ on average.

In June 2019, we announced our intention to buyback up to 60 million units as part of our capital return programme to our Unitholders. Our ability to execute this buyback programme is however impacted by several factors including market condition, unit price, trading volume and other regulatory considerations. In the first half of the financial year, we bought back approximately 13 million units at an average unit price of approximately HK\$87.3 using a total of approximately HK\$1.1 billion. In the second half of the financial year, we will continue our unit buyback programme when the market conditions and regulations permit.

Following the last divestment completed on 13 March 2019, we have budgeted a discretionary distribution – to top-up for the distribution per unit loss arising from the divestment to the extent the shortfall is not replaced by earnings from new acquisitions – of about HK14 cents per unit per year for three years. This discretionary distribution, along with the announced buyback, is funded by the divestment premium of HK\$2.8 billion achieved. Therefore, for this six-month period ended 30 September 2019, a discretionary distribution of HK\$145 million or HK6.93 cents per unit will be included in the interim distribution.

On foreign exchange management, we had arranged approximately RMB700 million forward contracts against HK\$ in March 2019 to fix our RMB denominated net income from Mainland China in HK\$ terms for the current financial year. We believe Link's distributable income in the current financial year is largely hedged from the RMB exchange rate fluctuation. As at 30 September 2019, approximately RMB350 million such forward contracts remained outstanding.

On our corporate credit ratings, Moody's reaffirmed Link's credit rating at "A2/Stable" on 27 June 2019 and further loosened the key rating trigger on Link from 6.0-6.5 times Debt-to-EBITDA to 6.5 times Net Debt-to-EBITDA. The relaxed rating trigger from Moody's provides Link's with a larger debt headroom for potential acquisition of quality assets in the future. Standard and Poor's and Fitch Ratings both reaffirmed Link's rating at "A/Stable" on 13 August 2019 and 19 March 2019 respectively.

### Committed Debt Facilities <sup>(1)</sup>

(As at 30 September 2019)

(HK\$ billion)	Fixed rate debt <sup>(2)</sup>	Floating rate debt <sup>(2)</sup>	Utilised facilities	Undrawn facilities	Total committed facilities
<b>Hong Kong</b>					
Medium Term Notes ( <i>MTN</i> )	11.0	5.2	16.2	–	16.2
Convertible bonds ( <i>CB</i> )	4.0	–	4.0	–	4.0
HK\$ Bank loans	1.5	3.9	5.4	18.7	24.1
<b>Sub-total</b>	<b>16.5</b>	<b>9.1</b>	<b>25.6</b>	<b>18.7</b>	<b>44.3</b>
<b>Mainland China</b>					
RMB Bank loans	–	2.2	2.2	–	2.2
<b>Sub-total</b>	<b>–</b>	<b>2.2</b>	<b>2.2</b>	<b>–</b>	<b>2.2</b>
<b>Total</b>	<b>16.5</b>	<b>11.3</b>	<b>27.8</b>	<b>18.7</b>	<b>46.5</b>

*Notes:*

(1) All amounts are at face value.

(2) After interest rate swaps.

**Facility Maturity Profile <sup>(1)</sup>**  
*(As at 30 September 2019)*

(HK\$ billion)	MTN	CB	HK\$		RMB		HK\$	Total
			Bank loans	Bank loans	Undrawn facilities			
Due in 2019/2020	0.6	–	–	–	–	–	0.6	
Due in 2020/2021	0.4	–	2.5	0.1	2.5	2.5	5.5	
Due in 2021/2022	1.4	–	1.7	0.1	3.8	3.8	7.0	
Due in 2022/2023	1.2	4.0	0.8	0.2	0.2	0.2	6.4	
Due in 2023/2024 and beyond	12.6	–	0.4	1.8	12.2	12.2	27.0	
<b>Total</b>	<b>16.2</b>	<b>4.0</b>	<b>5.4</b>	<b>2.2</b>	<b>18.7</b>	<b>18.7</b>	<b>46.5</b>	

*Note:*

<sup>(1)</sup> All amounts are at face value.

## Culture of Excellence

### Develop a Strong Team

At Link, our employees are the foundation of our success and catalysts for a sustainable business. We monitor and measure the strength of our talent through diversity indicators, Linker satisfaction survey and attrition rate. We are committed to being a learning organisation by creating a resilient environment where our people excel and are empowered to achieve their career aspirations. As part of our Vision 2025 to create a culture of excellence, we are setting up our Mainland China headquarters in Shanghai where we will continue to look for more talent to support our growth in Mainland China.

### Creating Learning Culture through Web-based Learning

Link advocates life-long learning through the use of technology. We strive to deliver a learning experience that is timely, flexible and easily accessible to our employees. From April to September 2019, we offered LinkedIn Learning subscriptions to 220 employees who were nominated by their respective departments, providing them with dedicated learning paths tailored to support their professional development needs. In September 2019, LinkREAD, a 24/7 e-library, was launched to provide unlimited access of articles, business journals, magazines, book summaries, quick access to the Hong Kong public libraries, etc to all employees at Link.

## **Strengthening Business Acumen**

In April 2019, we invited the Property Council of Australia to deliver a half-day training session on “Turning local demographics into business potential”, to enrich our team’s business knowledge and commercial acumen. In addition, 32 attendees from our Asset Management department recently completed a two-day retail property industry diploma programme, where the latest business knowledge and best practices in retail and property management sectors were shared.

## **Cultivating Young Talent Pipeline**

Building and developing a sustainable, fit-for-future talent pipeline is critical to Link’s continued success and growth. The 2019 Management Associate Programme attracted an overwhelming number of applications where 440 local and overseas applicants attended our assessment day. In August 2019, we successfully recruited five Management Associates into the Finance and Asset Management departments, and their learning journey will be accelerated with well-structured job rotations. Attachment to our Mainland China assets and ongoing mentoring support from the leadership team will further enrich their exposure and career journey at Link.

In addition, we recruited over 40 summer interns from leading Hong Kong and overseas universities. From June to August 2019, our summer interns gained commercial knowledge and practical skills through on-the-job training, competency-based learning and group projects. At the graduation ceremony, they presented their ideas to our C-suite executives on leveraging technology to transform Link.

## **Retaining Talent**

Link’s strategy to talent retention is robust and progressive, one that has evolved to support the needs and motivations of Linkers at different stages of their careers. Almost immediately upon joining the team, all Linkers are eligible to participate in the Employee Unit Purchase Plan, which gives new hires an immediate and vested interest in supporting Link to do well. Currently, over 60% of eligible Linkers are participating in the Employee Unit Purchase Plan. As their careers progress, we have put in place a long-term incentive scheme that aligns our long-term strategic objectives with our talent retention strategy. These initiatives are complemented with our robust learning and development scheme that provides financial sponsorship for Linkers to take charge of their own professional development, whether it is through short courses, certification training or degree programmes. All of our efforts are put in place to enable Linkers to thrive and grow with the organisation.



## Visionary Creativity

### Thriving with our Tenants

Link works closely with tenants and helps them do better business by providing thriving operational environment as well as useful business insights. Tenant Academy continues to share knowledge and practical skills that will help our tenants grow and achieve greater success. In a recent seminar, a Hong Kong celebrity and professional instructors from The Hong Kong Institute of Financial Analysts and Professional Commentators were invited as guest speakers to share their entrepreneurial adventure and insights on investment strategies for the Hong Kong stock market. Through the seminar, tenants gained a deeper understanding on market outlook, which may facilitate their business operations and learned how to effectively diffuse complaints and turn them into opportunities, how to stay motivated as business owners and sharpen their selling techniques.

### Strengthen our Community Bonding

Link continues to engage the community and support local charities through our flagship charity and community engagement programme, Link Together Initiatives. Each year, Link contributes an amount of up to 0.25% of its net property income from the previous financial year to support charitable organisations with causes related to youth empowerment, active ageing and resource management.

In August 2019, Link concluded the funding process for 2019/2020, with HK\$14.1 million earmarked for six projects and Link University Scholarship. Among the six projects, three projects are new with innovative concepts including inspirational drama programme for the elderly, a programme for youth to develop their street arts talents and a well-being programme to advocate ageing-friendly community. Together with the three projects from the previous year, Link grows with our community by connecting the non-governmental organisations we support. Link strives to build an ecosystem, which synergises and amplifies their impact on the community.

In 2019/2020, 190 scholarships totalling HK\$3.8 million will be granted under the Link University Scholarship, which offers non-means-tested scholarships to students who are the first in three generations within their families to attend universities. The Link University Scholarship interview day was held on 21 September 2019 with over 300 eligible applicants from 8 universities attended the interview. This year, a new selection criterion – social service participation – was added along with the other criteria of leadership and proactiveness, teamwork and communications, and logical reasoning and presentation. The interview was conducted by our 33-member selection panel who come from different sectors spanning the government and related organisations, education, media, non-governmental organisations, The Hong Kong Council of Social Service and Link.

As the extension of living room of our communities, Link creates places for our visitors to shop, gather and socialise, where moments and memories are made. In the reporting period, we have organised a series of marketing events, focusing on wellness and the environment, for people to explore and enrich their shopping experiences. “Lok Fu Oh!ympics” was held to promote well-being concept. The event targeted physical and emotional well-being and offered an immersive experience with physical activities designed for shoppers, bringing in newly-emerged sports and technology that were rarely seen in shopping centres.

Over the summer, T Town, Link’s biggest shopping centre in Tin Shui Wai, was transformed into a lively Amazon rainforest during T Town Green Adventure. This playful and educational event took visitors on a magical journey showcasing animal installations and immersive experiences that stimulated all the senses. To disseminate an animal and environmentally-friendly message on the principle of “adoption, education and conservation”, collaborative events including adoption and exhibition were held with a local charity and a reptile enthusiast.

### **Shaping Retail Experience with Technology and Innovation**

Digital engagement not only enables us to create more value from existing visitors, but it also attracts new potential customers and business partners. During the six months under review, we continued to strengthen our digital efforts with customer activation programmes to support tenants’ businesses. Park & Dine app introduced an e-stamp function with digitalised and simplified sales redemption process to encourage customers to make recurring purchases. We also partnered with Visa to sponsor e-coupon redemption and engaged over 4,500 users with 10,000 tenant offers.

To expand customer engagement, WeChat official account was launched at T.O.P This is Our Place, and now more than 3,000 users have followed T.O.P WeChat for up-to-date information. To raise awareness of T.O.P especially its F&B tenants, we set up an official account on a popular social platform “Dian Ping” in which T.O.P is ranked as Hong Kong’s No.1 shopping mall for “selfies”. We also partnered with AlipayHK and WeChat Pay on sales stimulation programmes and leverage their networks to promote spending in the shopping centre.

## OUTLOOK AND STRATEGY

The first six months of the 2019/2020 financial year have been turbulent, marked by escalating trade tensions between China and the United States and, since early June, ongoing civil unrest in Hong Kong affecting our shopping centres to varying degrees. Our priority during these times has been to ensure the safety and well-being of our shoppers, tenants and frontline staff.

In the face of such uncertainty, we are acutely aware of and embrace the role we have in maintaining consistency and stability in the community. We have endeavoured to maintain the opening hours of our shopping centres as much as possible so that our shoppers could still shop, eat, socialise and mingle. Although on rare occasions, some of our shopping centres had to close due to public activities nearby, members of the community are still engaging in normal day-to-day activities across our shopping centres in Hong Kong and our staff and tenants continue to serve their daily needs. We have committed significant time and effort during the past six months engaging with, listening to, and understanding the challenges that many of our tenants and business partners are facing. We try to offer effective, case-by-case support that will enable all of us to weather through this storm together, emerging stronger and more resilient.

Having made Link stronger and resilient, the focus of the next phase is to make Link a better organisation. We will continue to seek opportunities to grow, whether in our core markets in Hong Kong and four first-tier cities in Mainland China, or other markets which we will opportunistically explore.

## CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

		Six months ended 30 September 2019 (Unaudited) HK\$'M	Six months ended 30 September 2018 (Unaudited) HK\$'M
	<i>Note</i>		
<b>Revenue</b>	4	<b>5,332</b>	4,930
Property operating expenses	6	<b>(1,261)</b>	(1,171)
Net property income		<b>4,071</b>	3,759
General and administrative expenses		<b>(201)</b>	(151)
Change in fair values of investment properties		<b>3,662</b>	6,702
Interest income		<b>95</b>	59
Finance costs	7	<b>(233)</b>	(302)
<b>Profit before taxation and transactions with Unitholders</b>	8	<b>7,394</b>	10,067
Taxation	10	<b>(677)</b>	(732)
<b>Profit for the period, before transactions with Unitholders</b>		<b>6,717</b>	9,335
Distributions paid to Unitholders		<b>(2,964)</b>	(2,758)
		<b>3,753</b>	6,577
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		<b>2,278</b>	4,690
Amount arising from exchange reserve and cash flow hedging reserve movements	25	<b>1,500</b>	1,778
Non-controlling interest		<b>(25)</b>	109
		<b>3,753</b>	6,577
Profit for the period, before transactions with Unitholders attributable to			
– Unitholders ( <i>Note</i> )	11	<b>6,742</b>	9,226
– Non-controlling interest		<b>(25)</b>	109
		<b>6,717</b>	9,335

*Note:* Earnings per unit, based upon profit for the period and before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in Note 11 to the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Before transactions with Unitholders (Unaudited) HK\$'M	Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M	After transactions with Unitholders (Note (ii)) (Unaudited) HK\$'M	Non- controlling interest (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
<b>Six months ended 30 September 2019</b>					
Profit for the period	6,742	(5,242)	1,500	(25)	1,475
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	(7)	–	(7)	–	(7)
– Exchange reserve	(1,493)	–	(1,493)	–	(1,493)
<b>Total comprehensive income for the period</b>	<b><u>5,242</u></b>	<b><u>(5,242)</u></b>	<b><u>–</u></b>	<b><u>(25)</u></b>	<b><u>(25)</u></b>
<b>Six months ended 30 September 2018</b>					
Profit for the period	9,226	(7,448)	1,778	109	1,887
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	(24)	–	(24)	–	(24)
– Exchange reserve	(1,754)	–	(1,754)	–	(1,754)
<b>Total comprehensive income for the period</b>	<b><u>7,448</u></b>	<b><u>(7,448)</u></b>	<b><u>–</u></b>	<b><u>109</u></b>	<b><u>109</u></b>

**Notes:**

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$2,964 million (2018: HK\$2,758 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, of HK\$2,278 million (2018: HK\$4,690 million).
- (ii) In accordance with the Trust Deed, the units of Link contain contractual obligations to pay to its Unitholders cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with Hong Kong Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, are finance costs. Accordingly, the total comprehensive income, after the transactions with Unitholders, is zero.

**CONSOLIDATED STATEMENT OF DISTRIBUTIONS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

		<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
<b>Profit for the period, before transactions with Unitholders attributable to Unitholders</b>		<b>6,742</b>	9,226
Adjustments:			
– Change in fair values of investment properties attributable to Unitholders		<b>(3,644)</b>	(6,591)
– Change in fair values of derivative components of convertible bonds		<b>(58)</b>	–
– Deferred taxation on change in fair values of investment properties attributable to Unitholders		<b>65</b>	145
– Change in fair values of financial instruments		<b>(225)</b>	35
– Depreciation and amortization of real estate and related assets		<b>13</b>	–
– Other non-cash income		<b>(72)</b>	(56)
Discretionary distribution ( <i>Note (i)</i> )		<b>145</b>	–
<b>Total Distributable Amount (<i>Note (i)</i>)</b>		<b>2,966</b>	2,759
Interim distribution for the period, to be paid to the Unitholders ( <i>Note (ii)</i> )		<b>2,966</b>	2,759
Units in issue at 30 September	24	<b>2,096,767,886</b>	2,111,986,754
<b>Distribution per unit for the period (<i>Note (ii)</i>)</b>		<b>HK141.47 cents</b>	HK130.62 cents

**Notes:**

- (i) Under the terms of the Trust Deed, Link is required to distribute to Unitholders no less than 90% of its distributable income for each financial year. Distributable income, according to the Trust Deed, is the Group's consolidated profit after taxation attributable to Unitholders, as adjusted to eliminate the effect of certain non-cash adjustments which have been recorded in the consolidated income statement for the relevant year. For the six months ended 30 September 2019, the Manager has decided to distribute 100% (2018: 100%) of its distributable income to Unitholders. In addition, the Manager recommended a capital return in the form of a discretionary distribution (2018: Nil). Together with the discretionary distribution, Total Distributable Amount represented 105% (2018: 100%) of the distributable income of the Group for the six months ended 30 September 2019.
- (ii) The interim distribution per unit of HK141.47 cents (2018: HK130.62 cents) for the six months ended 30 September 2019 is calculated based on the interim distribution of HK\$2,966 million (2018: HK\$2,759 million) for the period and 2,096,767,886 units (2018: 2,111,986,754 units) in issue as at 30 September 2019, without taking into account any change in the number of units in issue subsequent to the approval of the condensed consolidated interim financial information. The interim distribution will be paid to Unitholders on 10 December 2019.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 30 SEPTEMBER 2019

		30 September 2019 (Unaudited) HK\$'M	31 March 2019 (Audited) HK\$'M
	Note		
<b>Non-current assets</b>			
Goodwill	12	426	433
Investment properties	13	220,434	218,496
Property, plant and equipment	14	1,412	138
Financial assets at amortised cost	15	2,009	—
Derivative financial instruments	22	118	36
		<u>224,399</u>	<u>219,103</u>
<b>Current assets</b>			
Trade and other receivables	16	1,113	933
Deposits and prepayments		114	106
Derivative financial instruments	22	23	6
Bank deposits	17	3,700	4,095
Cash and cash equivalents	17	2,553	2,694
		<u>7,503</u>	<u>7,834</u>
<b>Total assets</b>		<u>231,902</u>	<u>226,937</u>
<b>Current liabilities</b>			
Trade payables, receipts in advance and accruals	18	2,740	2,585
Security deposits		1,796	1,751
Provision for taxation		529	321
Current portion of long-term incentive schemes provision	19	125	102
Interest bearing liabilities	20	3,516	3,367
Derivative financial instruments	22	1	—
		<u>8,707</u>	<u>8,126</u>
<b>Net current liabilities</b>		<u>(1,204)</u>	<u>(292)</u>
<b>Total assets less current liabilities</b>		<u>223,195</u>	<u>218,811</u>
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>			
Long-term incentive schemes provision	19	56	98
Interest bearing liabilities	20	20,253	20,850
Convertible bonds	21	3,979	—
Derivative financial instruments	22	49	246
Deferred tax liabilities		3,322	3,191
Other non-current liabilities	23	5,048	5,100
		<u>32,707</u>	<u>29,485</u>
<b>Total liabilities, excluding net assets attributable to Unitholders</b>		<u>41,414</u>	<u>37,611</u>
<b>Non-controlling interest</b>		<u>562</u>	<u>587</u>
<b>Net assets attributable to Unitholders</b>		<u>189,926</u>	<u>188,739</u>
Units in issue	24	<u>2,096,767,886</u>	<u>2,109,321,254</u>
Net assets per unit attributable to Unitholders		<u>HK\$90.58</u>	<u>HK\$89.48</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND  
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Note	Net assets attributable to Unitholders (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M	Non- controlling interest (Unaudited) HK\$'M
At 1 April 2019		188,739	580	587
Issuance of units under the 2007 LTI plan		47	-	-
Units bought back for cancellation		(1,138)	-	-
Profit for the six months ended 30 September 2019, before transactions with Unitholders		6,742	-	(25)
Distributions paid to Unitholders – 2019 final distribution		(2,964)	-	-
Change in fair values of cash flow hedges	25	-	28	-
Amount transferred to the condensed consolidated income statement	25	-	(35)	-
Exchange loss on translation of financial statements	25	-	(1,493)	-
Amount arising from exchange reserve and cash flow hedging reserve movements	25	(1,500)	1,500	-
Change in net assets attributable to Unitholders and non-controlling interest for the six months ended 30 September 2019, excluding issues of new units and units bought back		2,278	-	(25)
<b>At 30 September 2019</b>		<b>189,926</b>	<b>580</b>	<b>562</b>
At 1 April 2018		178,594	580	474
Issuance of units under the 2007 LTI plan		101	-	-
Units bought back for cancellation		(3,007)	-	-
Profit for the six months ended 30 September 2018, before transactions with Unitholders		9,226	-	109
Distributions paid to Unitholders – 2018 final distribution		(2,758)	-	-
Change in fair values of cash flow hedges		-	58	-
Amount transferred to the condensed consolidated income statement		-	(82)	-
Exchange loss on translation of financial statements		-	(1,754)	-
Amount arising from exchange reserve and cash flow hedging reserve movements		(1,778)	1,778	-
Change in net assets attributable to Unitholders and non-controlling interest for the six months ended 30 September 2018, excluding issues of new units and units bought back		4,690	-	109
At 30 September 2018		180,378	580	583



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	<b>Six months ended 30 September 2018 (Unaudited) HK\$'M</b>
<b>Operating activities</b>		
<b>Net cash generated from operating activities</b>	<b>3,318</b>	<b>2,832</b>
<b>Investing activities</b>		
Payment of consideration payables of businesses acquisition	(38)	–
Additions to investment properties	(615)	(1,297)
Additions to property, plant and equipment	(193)	(16)
Purchase of financial assets at amortised cost	(2,006)	–
Interest income received	50	42
Decrease in bank deposits with original maturity of more than three months	395	5,875
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,407)</b>	<b>4,604</b>
<b>Financing activities</b>		
Proceeds from interest bearing liabilities, net of transaction costs	7,919	4,877
Repayment of interest bearing liabilities	(8,523)	(8,432)
Proceeds from convertible bonds, net of transaction costs	3,974	–
Increase in amount due to non-controlling interest	95	237
Interest expenses paid on interest bearing liabilities	(320)	(260)
Distributions paid to Unitholders	(2,964)	(2,758)
Units bought back for cancellation	(1,138)	(3,007)
<b>Net cash used in financing activities</b>	<b>(957)</b>	<b>(9,343)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(46)</b>	<b>(1,907)</b>
Cash and cash equivalents at 1 April	2,694	3,164
Effect on exchange rate changes on cash and cash equivalents	(95)	(57)
<b>Cash and cash equivalents at 30 September</b>	<b>2,553</b>	<b>1,200</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 Corporate information

Link is a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Link is governed by a trust deed entered into on 6 September 2005 (as amended and supplemented by 12 Supplemental Deeds dated 4 November 2005, 8 November 2005, 16 January 2006, 21 November 2006, 13 July 2007, 23 July 2007, 5 October 2009, 23 July 2010, 25 July 2012, 18 February 2014, 15 January 2015 and 25 July 2018).

The principal activity of the Group is investing in real estate (other than real estate of a residential, hotel or serviced apartment nature) and undertaking property development and related activities in respect of all types of developments that contain retail and/or commercial portions. The addresses of the registered offices of the Manager, Link Asset Management Limited, and the Trustee, HSBC Institutional Trust Services (Asia) Limited, are 20/F., Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong and 1 Queen's Road Central, Hong Kong, respectively.

## 2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard (**HKAS**) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (**HKICPA**). The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2019.

As at 30 September 2019, the Group's current liabilities exceeded its current assets. The Group considers that its liquidity and financial position as a whole is healthy and it has a reasonable expectation that the Group has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

## 3 Accounting policies

The accounting policies adopted are consistent with those set out in the audited consolidated financial statements for the year ended 31 March 2019, except for the adoption of the following new standards, amendments and interpretation issued by the HKICPA which became effective or available for early adoption for the six months ended 30 September 2019.

HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement
HKAS 28 Amendments	Long-term Interests in Associates and Joint Ventures
HKFRS 3 Amendments	Definition of a Business
HKFRS 9 Amendments	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	

The adoption of these new standards, amendments and interpretation has not had any significant effect on the reported results and financial position of the Group.

The following new standards and amendments, which have been published but are not yet effective, and have not been early adopted in the condensed consolidated interim financial information. These are effective for the Group's accounting periods beginning on or after 1 April 2020.

HKAS 1 and HKAS 8 Amendments	Definition of Material <sup>(1)</sup>
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup>
HKFRS 17	Insurance Contracts <sup>(2)</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>(1)</sup>

<sup>(1)</sup> effective for accounting periods beginning on or after 1 January 2020

<sup>(2)</sup> effective for accounting periods beginning on or after 1 January 2021

<sup>(3)</sup> no mandatory effective date has yet been determined but early application is permitted

The Group is in the process of making an assessment of the impact of these new and revised Hong Kong Financial Reporting Standards (**HKFRSs**) upon initial application. So far, the Manager has concluded that while the adoption of the new or revised HKFRSs may result in new or amended disclosures, these are unlikely to have a significant impact on the financial performance and financial position of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**4 Revenue**

Revenue recognised during the period comprises:

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Rentals		
– Retail and commercial properties	<b>4,116</b>	3,744
– Car parks	<b>988</b>	988
	<b>5,104</b>	4,732
Other revenue		
– Air conditioning service fees	<b>188</b>	173
– Other property related revenue	<b>40</b>	25
	<b>228</b>	198
Total revenue	<b>5,332</b>	4,930

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$63 million (2018: HK\$60 million) and have been included in the rental income.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**5 Segment information**

	Hong Kong retail properties <i>HK\$'M</i>	Hong Kong car parks <i>HK\$'M</i>	Mainland China retail properties <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>For the six months ended 30 September 2019 (Unaudited)</b>					
Revenue	<u>3,586</u>	<u>989</u>	<u>558</u>	<u>199</u>	<u>5,332</u>
Segment results	2,736	763	426	(55)	3,870
Change in fair values of investment properties	1,729	1,739	196	(2)	3,662
Interest income					95
Finance costs					<u>(233)</u>
Profit before taxation and transactions with Unitholders					7,394
Taxation					<u>(677)</u>
Profit for the period, before transactions with Unitholders					<u>6,717</u>
Capital expenditure	534	176	13	454	1,177
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>(28)</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**5 Segment information (Continued)**

	Hong Kong retail properties <i>HK\$'M</i>	Hong Kong car parks <i>HK\$'M</i>	Mainland China retail properties <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>As at 30 September 2019 (Unaudited)</b>					
Segment assets	147,467	37,551	20,550	17,505	223,073
Goodwill					426
Financial assets at amortised cost					2,009
Derivative financial instruments					141
Bank deposits					3,700
Cash and cash equivalents					2,553
Total assets					<u>231,902</u>
Segment liabilities	2,417	125	664	1,330	4,536
Provision for taxation					529
Long-term incentive schemes provision					181
Interest bearing liabilities					23,769
Convertible bonds					3,979
Derivative financial instruments					50
Deferred tax liabilities					3,322
Other non-current liabilities					5,048
Total liabilities, excluding net assets attributable to Unitholders					<u>41,414</u>
Non-controlling interest					<u>562</u>
Net assets attributable to Unitholders					<u><u>189,926</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**5 Segment information (Continued)**

For the six months ended 30 September 2019, revenue of HK\$732 million (2018: HK\$490 million) is attributable to external customers from Mainland China and HK\$4,600 million (2018: HK\$4,440 million) is attributable to external customers from Hong Kong.

As at 30 September 2019, specified non-current assets (which include investment properties, property, plant and equipment, and goodwill) of HK\$27,637 million (31 March 2019: HK\$28,956 million) is located in Mainland China and HK\$194,635 million (31 March 2019: HK\$190,111 million) is located in Hong Kong.

	Hong Kong retail properties <i>HK\$'M</i>	Hong Kong car parks <i>HK\$'M</i>	Mainland China retail properties <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2018 (Unaudited)					
Revenue	<u>3,450</u>	<u>990</u>	<u>312</u>	<u>178</u>	<u>4,930</u>
Segment results	2,615	754	235	4	3,608
Change in fair values of investment properties	4,146	1,699	309	548	6,702
Interest income					59
Finance costs					<u>(302)</u>
Profit before taxation and transactions with Unitholders					10,067
Taxation					<u>(732)</u>
Profit for the period, before transactions with Unitholders					<u>9,335</u>
Capital expenditure	733	25	25	923	1,706
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>(9)</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**5 Segment information (Continued)**

	Hong Kong retail properties <i>HK\$'M</i>	Hong Kong car parks <i>HK\$'M</i>	Mainland China retail properties <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 31 March 2019 (Audited)					
Segment assets	144,741	35,132	21,493	18,307	219,673
Goodwill					433
Derivative financial instruments					42
Bank deposits					4,095
Cash and cash equivalents					2,694
					<hr/>
Total assets					226,937
					<hr/>
Segment liabilities	2,337	143	643	1,213	4,336
Provision for taxation					321
Long-term incentive schemes provision					200
Interest bearing liabilities					24,217
Derivative financial instruments					246
Deferred tax liabilities					3,191
Other non-current liabilities					5,100
					<hr/>
Total liabilities, excluding net assets attributable to Unitholders					37,611
					<hr/>
Non-controlling interest					587
					<hr/>
Net assets attributable to Unitholders					188,739
					<hr/> <hr/>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**(Continued)**

**6 Property operating expenses**

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	<b>306</b>	282
Staff costs	<b>264</b>	258
Repair and maintenance	<b>106</b>	104
Utilities	<b>176</b>	168
Government rent and rates	<b>154</b>	143
Promotion and marketing expenses	<b>60</b>	56
Estate common area costs	<b>43</b>	45
Real estate taxes in Mainland China	<b>49</b>	36
Other property operating expenses	<b>103</b>	79
	<hr/> <b>1,261</b> <hr/>	<hr/> 1,171 <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**7 Finance costs**

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities	<b>398</b>	357
Interest expenses on convertible bonds ( <i>Note 21</i> )	<b>63</b>	–
Other borrowing costs ( <i>Note (i)</i> )	<b>32</b>	(14)
	<b>493</b>	343
Less: capitalised under investment properties ( <i>Note (ii)</i> )	<b>(42)</b>	(131)
	<b>451</b>	212
Change in fair values of derivative components of convertible bonds ( <i>Note 21</i> )	<b>(58)</b>	–
Fair value (gain)/loss on non-controlling interest put option obligation ( <i>Note 23</i> )	<b>(160)</b>	90
	<b>233</b>	302

*Notes:*

- (i) Other borrowing costs include HK\$55 million (2018: HK\$45 million) interest expenses to non-controlling interest, HK\$35 million (2018: HK\$82 million) net gains on interest rate swap contracts designated as cash flow hedges, HK\$3 million net losses (2018: HK\$13 million net gains) on cross currency swap contracts and interest rate swap contracts designated as fair value hedges and various banking and financing charges.
- (ii) Interest expenses have been capitalised under investment properties at an average interest rate of 3.3% (2018: 3.2%) per annum.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**(Continued)**

**8 Profit before taxation and transactions with Unitholders**

Profit before taxation and transactions with Unitholders for the period is stated after charging/(crediting):

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Staff costs ( <i>Note 9</i> )	400	375
Depreciation of property, plant and equipment	28	9
Trustee's fee	12	10
Valuation fee	1	1
Auditor's remuneration		
Audit and audit-related assurance services	2	1
Other	–	–
Total auditor's remuneration	2	1
Bank charges	3	3
Commission to property agents	4	3
Donations	14	14
Exchange gain	(56)	(53)
Operating lease charges	12	18
Other legal and professional fees	6	4
	6	4

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**9 Staff costs**

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Wages and salaries	<b>359</b>	328
Contributions to mandatory provident fund scheme ( <i>Note (i)</i> )	<b>7</b>	7
Long-term incentive schemes awards	<b>70</b>	76
	<b>436</b>	411
Less: capitalised under investment properties	<b>(36)</b>	(36)
Staff costs ( <i>Note 8</i> )	<b>400</b>	375

*Note:*

- (i) The Group operates a pension scheme – Mandatory Provident Fund. The scheme is a defined contribution plan funded through payments to trustee-administered funds. A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity (a fund). The Group has no further payment obligations once the contributions have been paid.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**(Continued)**

**10 Taxation**

Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period. Corporate income tax in Mainland China has been provided for at the applicable rate on the estimated assessable profit for the period.

The amount of taxation charged to the condensed consolidated income statement represents:

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Current taxation		
– Hong Kong	<b>413</b>	400
– Mainland China	<b>88</b>	86
Deferred taxation	<b>176</b>	246
Taxation	<b>677</b>	732

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**11 Earnings per unit based upon profit for the period, before transactions with Unitholders attributable to Unitholders**

	<b>Six months ended 30 September 2019 (Unaudited)</b>	Six months ended 30 September 2018 (Unaudited)
Profit for the period, before transactions with Unitholders attributable to Unitholders for calculating basic earnings per unit	<b>HK\$6,742 million</b>	HK\$9,226 million
Adjustment for dilutive convertible bonds	<b>(HK\$5 million)</b>	—
Profit for the period, before transaction with Unitholders attributable to Unitholders for calculating diluted earnings per unit	<b>HK\$6,737 million</b>	HK\$9,226 million
Weighted average number of units for the period for calculating basic earnings per unit	<b>2,108,821,279</b>	2,140,748,585
Adjustment for dilutive contingently issuable units under long-term incentive schemes and dilutive convertible bonds	<b>36,566,414</b>	433,450
Weighted average number of units for the period for calculating diluted earnings per unit	<b>2,145,387,693</b>	2,141,182,035
Basic earnings per unit	<b>HK\$3.20</b>	HK\$4.31
Diluted earnings per unit	<b>HK\$3.14</b>	HK\$4.31

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**12 Goodwill**

	Carrying value (Unaudited) <i>HK\$'M</i>
At 1 April 2019	433
Exchange adjustments	(7)
	<hr/>
<b>At 30 September 2019</b>	<b>426</b>
	<hr/> <hr/>

**13 Investment properties**

(a) Details of the movements of investment properties are as follows:

	Completed properties (Unaudited) <i>HK\$'M</i>	Property under development (Unaudited) <i>HK\$'M</i>	Total (Unaudited) <i>HK\$'M</i>
At 1 April 2019	207,948	10,548	218,496
Exchange adjustments ( <i>Note (e)</i> )	(1,598)	–	(1,598)
Additions	436	554	990
Transfer to property, plant and equipment ( <i>Note (g)</i> )	–	(1,116)	(1,116)
Transfer to completed properties	9,986	(9,986)	–
Change in fair values	3,662	–	3,662
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2019</b>	<b>220,434</b>	<b>–</b>	<b>220,434</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(b) Valuation process

The investment properties were revalued on a market value basis as at 31 March and 30 September 2019 by Jones Lang LaSalle Limited, an independent firm of professional qualified valuers and the principal valuer of Link.

The Manager held discussions with the principal valuer and reviewed all significant inputs used by the principal valuer. Discussions of the valuation processes and results at each reporting date are held between the Manager and the principal valuer.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)**

### **13 Investment properties (Continued)**

#### **(c) Valuation techniques**

Completed properties were appraised by the principal valuer, using the income capitalisation approach and discounted cash flow analysis as its primary approaches, while cross-referencing to the direct comparison method. Residual approach was applied to the property under development.

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The discounted cash flow analysis requires periodic net cash flows to be forecasted over the life of the investment and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for expenditure, and having regard to the assumptions made relating to rental growth projections, vacancies, rent frees, replacement reserve, non-recoverable outgoings and leasing costs. The discounted cash flow analysis incorporates an assumed 10-year holding period and the reversionary value in Year Eleven, discounted by an appropriate discount rate to derive at a net present value.

The residual valuation method involves firstly the assessment of gross development value, which is the value of the proposed development, as if completed, at the date of valuation. Estimated outstanding cost of the development including costs of construction, professional fee, finance costs and associated costs, plus an allowance for developer's risk and profit are deducted from the gross development value. The resultant figure is the residual value.

The investment properties are included in Level 3 (31 March 2019: Level 3) of the fair value hierarchy.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 13 Investment properties (Continued)

#### (d) Restriction of the Code on Real Estate Investment Trusts (the *REIT Code*)

Link acquired 77 Hoi Bun Road in Kowloon East for commercial development, Beijing Jingtong Roosevelt Plaza in Beijing and CentralWalk in Shenzhen, the completion of which were on 23 February 2015, 23 January 2019 and 14 March 2019 respectively, while the commercial development at 77 Hoi Bun Road, now known as The Quayside, was completed during the period. In accordance with the REIT Code, Link is prohibited from disposing of its properties for at least two years from either the time such properties are acquired or the dates of the completion of the development of the properties, unless the Unitholders approved the proposed disposal by way of special resolution passed in accordance with the Trust Deed.

#### (e) Exchange adjustments

The exchange loss is attributable to the Group's investment properties in Mainland China as a result of the depreciation of Renminbi. This translation difference is included in exchange reserve as set out in Note 25.

#### (f) Security for the Group's loan facilities

On 30 September 2019, certain investment properties of the Group in Mainland China, amounting to approximately HK\$10,153 million (31 March 2019: HK\$10,701 million), were pledged to secure Group's loan facilities of HK\$2,227 million (31 March 2019: HK\$2,580 million).

#### (g) Transfer to property, plant and equipment

During the period, the Group has occupied two floors of The Quayside for self-used office. The value of which was transferred from investment properties to property, plant and equipment.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**14 Property, plant and equipment**

	Land, building and leasehold improvements (Unaudited) <i>HK\$'M</i>	Motor vehicles (Unaudited) <i>HK\$'M</i>	Equipment (Unaudited) <i>HK\$'M</i>	Total (Unaudited) <i>HK\$'M</i>
At 1 April 2019	15	2	121	138
Additions	164	–	23	187
Transfer from investment properties	1,116	–	–	1,116
Disposals	(1)	–	–	(1)
Depreciation charge for the period	(14)	–	(14)	(28)
<b>At 30 September 2019</b>	<b><u>1,280</u></b>	<b><u>2</u></b>	<b><u>130</u></b>	<b><u>1,412</u></b>
<b>At 30 September 2019</b>				
Cost	1,318	6	277	1,601
Accumulated depreciation	(38)	(4)	(147)	(189)
Net book value	<b><u>1,280</u></b>	<b><u>2</u></b>	<b><u>130</u></b>	<b><u>1,412</u></b>

**15 Financial assets at amortised cost**

Financial assets at amortised cost include the following debt investments:

	<b>30 September 2019 (Unaudited) <i>HK\$'M</i></b>	31 March 2019 (Audited) <i>HK\$'M</i>
Listed corporate bonds	1,979	–
Unlisted corporate bonds	30	–
	<b><u>2,009</u></b>	<b><u>–</u></b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**16 Trade and other receivables**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Trade receivables	125	117
Less: provision for impairment of trade receivables	<u>(13)</u>	<u>(6)</u>
Trade receivables – net	112	111
Other receivables	<u>1,001</u>	<u>822</u>
	<b><u>1,113</u></b>	<b><u>933</u></b>

The carrying amounts of these receivables approximate their fair values.

There are no specific credit terms given to the tenants. The trade receivables are generally fully covered by the rental deposits/bank guarantees from corresponding tenants.

The ageing of trade receivables, presented based on the due date, is as follows:

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
0–30 days	102	105
31–90 days	11	7
Over 90 days	<u>12</u>	<u>5</u>
	<b><u>125</u></b>	<b><u>117</u></b>

Monthly rentals in respect of retail and commercial properties are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**(Continued)**

**17 Cash and cash equivalents and bank deposits**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Cash at bank	2,133	1,955
Bank deposits with original maturity of less than three months	<u>420</u>	<u>739</u>
Cash and cash equivalents	2,553	2,694
Bank deposits with original maturity of more than three months	<u>3,700</u>	<u>4,095</u>
	<b><u>6,253</u></b>	<b><u>6,789</u></b>

**18 Trade payables, receipts in advance and accruals**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Trade payables	174	192
Receipts in advance	280	285
Accruals	<u>2,286</u>	<u>2,108</u>
	<b><u>2,740</u></b>	<b><u>2,585</u></b>

The carrying amounts of these payables approximate their fair values.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**18 Trade payables, receipts in advance and accruals (Continued)**

The ageing of trade payables, presented based on the due date, is as follows:

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
0–30 days	150	178
31–90 days	18	9
Over 90 days	6	5
	<u>174</u>	<u>192</u>

**19 Long-term incentive schemes provision**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Long-term incentive schemes provision	181	200
Less: current portion of long-term incentive schemes provision	<u>(125)</u>	<u>(102)</u>
Non-current portion of long-term incentive schemes provision	<u>56</u>	<u>98</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 19 Long-term incentive schemes provision (Continued)

#### 2007 LTI Plan

A long-term incentive plan (the **2007 LTI Plan**) was adopted on 23 July 2007 and expired on 22 July 2017 after being in operation for 10 years. After its expiry, no further awards shall be granted under the 2007 LTI Plan. Nonetheless, awards granted and accepted prior to its expiry but yet to vest shall continue to have effect and be governed by the rules of the 2007 LTI Plan.

Under the 2007 LTI Plan, the Manager might grant three types of awards – restricted unit award, unit option and conditional cash award – to directors and key employees of the Manager. No unit option has ever been granted under 2007 LTI Plan since its adoption up till expiry.

For those restricted unit awards granted with performance goals, the eventual numbers of new units to be issued to the relevant grantees on vesting are linked to the performance of Link in terms of total Unitholders return (**TUR**) and net property income (**NPI**) or certain vesting conditions. Conditional cash awards are granted in conjunction with restricted unit awards, bestowing upon each grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions during the vesting period.

During the period, the Group issued 477,632 units (2018: 1,407,782 units) for restricted unit awards which have vested in accordance with the 2007 LTI Plan.

#### 2017 LTI Scheme

On 10 July 2017, Link adopted a new long-term incentive scheme (the **2017 LTI Scheme**). Under the 2017 LTI Scheme, the Manager may grant restricted unit awards and conditional cash awards to directors of the Manager and key employees of the Group.

During the period, certain directors and employees of the Manager were granted restricted unit awards and conditional cash awards at nil monetary consideration under the 2017 LTI Scheme. The restricted unit awards granted under the 2017 LTI Scheme, in general, will vest approximately two to three years from the date of grant. Under the 2017 LTI Scheme, units will be purchased in the grantees' favour from open stock market to satisfy restricted units awards vested. For those restricted unit awards granted with performance goals, the eventual numbers of units to be purchased in each grantee's favour upon vesting are linked to the performance of Link based on the TUR, NPI or certain vesting conditions. Conditional cash awards were also granted in conjunction with the restricted unit awards, bestowing upon each grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions during the vesting period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 19 Long-term incentive schemes provision (Continued)

During the period, the Group purchased 366,239 units (2018: 8,000 units) from the open stock market for restricted units awards which have vested in accordance with the 2017 LTI Scheme.

During the vesting period, a liability is recognised representing the estimated value of the awards granted under both the 2007 LTI Plan and the 2017 LTI Scheme and the portion of the vesting period expired as at the reporting date. The value of the awards was estimated at the reporting date by Towers Watson Hong Kong Limited, an independent external valuer based on valuation techniques and assumptions on unit prices, outstanding length of the awards, distribution pay-out rates and other market conditions, if appropriate. The change in value of the outstanding awards was charged to the condensed consolidated income statement. In the event that the vesting conditions are not met, the amount previously accrued will be written back accordingly.

Movements in the number of restricted unit award during the period and the maximum number of units to be vested upon vesting of restricted unit award are as follows:

Date of grant	Vesting period	Outstanding as at 1 April 2019	Granted during the period	Vested during the period <sup>(i)</sup>	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2019	Maximum to be vested on vesting date <sup>(ii)</sup>
<b>2007 LTI Plan</b>								
14 November 2016	14 November 2016 to 30 June 2019	399,236	-	(341,937)	-	(57,299)	-	-
2007 LTI Plan subtotal		399,236	-	(341,937)	-	(57,299)	-	-

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**19 Long-term incentive schemes provision (Continued)**

Date of grant	Vesting period	Outstanding as at 1 April 2019	Granted during the period	Vested during the period <sup>(i)</sup>	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2019	Maximum to be vested on vesting date <sup>(ii)</sup>
<b>2017 LTI Scheme</b>								
14 July 2017	14 July 2017 to 30 June 2019	380,679	–	(264,560)	(7,000)	(109,119)	–	–
	14 July 2017 to 30 June 2020	380,365	–	–	–	(16,000)	364,365	799,911
4 July 2018	4 July 2018 to 30 June 2020	566,500	–	–	–	(18,500)	548,000	1,231,455
	4 July 2018 to 30 June 2021	566,500	–	–	–	(18,500)	548,000	1,231,455
5 July 2019	5 July 2019 to 30 June 2021	–	597,249	–	–	(1,816)	595,433	1,355,817
	5 July 2019 to 30 June 2022	–	597,248	–	–	(1,816)	595,432	1,355,816
2017 LTI Scheme subtotal		<u>1,894,044</u>	<u>1,194,497</u>	<u>(264,560)</u>	<u>(7,000)</u>	<u>(165,751)</u>	<u>2,651,230</u>	<u>5,974,454</u>
Subtotal		2,293,280	1,194,497	(606,497)	(7,000)	(223,050)	2,651,230	5,974,454
Additional units vested over 100% of restricted unit award granted		–	–	(237,374) <sup>(iii)</sup>	–	–	–	–
<b>Total</b>		<u><u>2,293,280</u></u>	<u><u>1,194,497</u></u>	<u><u>(843,871)</u></u>	<u><u>(7,000)</u></u>	<u><u>(223,050)</u></u>	<u><u>2,651,230</u></u>	<u><u>5,974,454</u></u>

**Notes:**

(i) Restricted unit award vesting percentages during the period ranged from 100% to 200%.

(ii) If certain vesting conditions are met.

(iii) Additional units over 100% of restricted unit award granted were vested pursuant to the relevant vesting conditions.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**20 Interest bearing liabilities**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Unsecured bank borrowings	5,338	6,732
Secured bank borrowings	2,227	2,580
Medium term notes	<u>16,204</u>	<u>14,905</u>
	<b>23,769</b>	<b>24,217</b>
Less: current portion of interest bearing liabilities	<u>(3,516)</u>	<u>(3,367)</u>
Non-current portion of interest bearing liabilities	<u><b>20,253</b></u>	<u><b>20,850</b></u>

Interest bearing liabilities are repayable as follows:

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
<b>Due in the first year</b>		
Unsecured bank borrowings	2,495	1,998
Secured bank borrowings	70	63
Medium term notes	<u>951</u>	<u>1,306</u>
	<b>3,516</b>	<b>3,367</b>
<b>Due in the second year</b>		
Unsecured bank borrowings	1,629	2,491
Secured bank borrowings	106	93
Medium term notes	<u>202</u>	<u>350</u>
	<b>1,937</b>	<b>2,934</b>
<b>Due in the third year</b>		
Unsecured bank borrowings	797	1,030
Secured bank borrowings	129	128
Medium term notes	<u>1,765</u>	<u>1,438</u>
	<b>2,691</b>	<b>2,596</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**20 Interest bearing liabilities (Continued)**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
<b>Due in the fourth year</b>		
Unsecured bank borrowings	417	797
Secured bank borrowings	151	160
Medium term notes	698	1,226
	<u>1,266</u>	<u>2,183</u>
<b>Due in the fifth year</b>		
Unsecured bank borrowings	–	416
Secured bank borrowings	162	175
Medium term notes	4,677	–
	<u>4,839</u>	<u>591</u>
<b>Due beyond the fifth year</b>		
Unsecured bank borrowings	–	–
Secured bank borrowings	1,609	1,961
Medium term notes	7,911	10,585
	<u>9,520</u>	<u>12,546</u>
	<u><b>23,769</b></u>	<u><b>24,217</b></u>

*Notes:*

- (i) Except for medium term notes of HK\$7,763 million (31 March 2019: HK\$7,481 million) which are denominated in United States Dollars and bank borrowings of HK\$2,227 million (31 March 2019: HK\$2,580 million) which are denominated in Renminbi, all the other interest bearing liabilities are denominated in Hong Kong Dollars.
- (ii) All of Link's borrowings denominated in United States Dollars are fully hedged into Hong Kong Dollars.
- (iii) The effective interest rate of the interest bearing liabilities which are denominated in Hong Kong Dollars and United States Dollars (taking into account cross currency swap contracts and interest rate swap contracts) at the reporting date was 3.25% (31 March 2019: 3.12%) and that of the interest bearing liabilities which are denominated in Renminbi was 5.57% (31 March 2019: 5.71%).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**(Continued)**

**21 Convertible bonds**

On 3 April 2019, the Group issued HK\$4 billion convertible bonds at 1.6% per annum due 2024. These bonds are convertible into new Link units at an initial conversion price of HK\$109.39 per unit at the option of the holder.

	<b>30 September 2019 (Unaudited) HK\$'M</b>
<b>Liability components</b>	
At 1 April	–
Issuance of convertible bonds	3,817
Finance costs ( <i>Note 7</i> )	63
	<hr/>
<b>At 30 September</b>	<b>3,880</b>
	<hr style="border-top: 1px dashed black;"/>
<b>Derivative components</b>	
At 1 April	–
Issuance of convertible bonds	157
Change in fair value ( <i>Note 7</i> )	(58)
	<hr/>
<b>At 30 September</b>	<b>99</b>
	<hr style="border-top: 1px dashed black;"/>
	<b>3,979</b>
	<hr style="border-top: 3px double black;"/>

The effective interest rate of the convertible bonds at the reporting date was 3.12%.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**22 Derivative financial instruments**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
<b>Derivative assets</b>		
<b>Current items</b>		
Designated as fair value hedge		
– interest rate swap contracts	1	6
Not designed as hedging instrument		
– foreign exchange forward contracts	<u>22</u>	<u>–</u>
	<u>23</u>	<u>6</u>
<b>Non-current items</b>		
Designated as cash flow hedge		
– interest rate swap contracts	6	15
Designated as fair value hedge		
– cross currency swap contracts	106	21
– interest rate swap contracts	<u>6</u>	<u>–</u>
	<u>118</u>	<u>36</u>
	<u>141</u>	<u>42</u>
<b>Derivative liabilities</b>		
<b>Current item</b>		
Designated as cash flow hedge		
– interest rate swap contract	<u>(1)</u>	<u>–</u>
<b>Non-current items</b>		
Designated as cash flow hedge		
– interest rate swap contracts	(4)	(7)
Designated as fair value hedge		
– cross currency swap contracts	(45)	(236)
– interest rate swap contracts	<u>–</u>	<u>(3)</u>
	<u>(49)</u>	<u>(246)</u>
	<u>(50)</u>	<u>(246)</u>
Net derivative assets/(liabilities)	<u><u>91</u></u>	<u><u>(204)</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

## 22 Derivative financial instruments (Continued)

*Notes:*

- (i) The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy.
- (ii) The fair values of cross currency swap contracts and interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable yield curves and forward exchange rates at each reporting date. Cross currency swap contracts and interest rate swap contracts are included in Level 2 (31 March 2019: Level 2) of the fair value hierarchy. During the six months ended 30 September 2018 and 2019, there were no transfers between the three levels of the fair value hierarchy.

The Group uses cross currency swap contracts (swapping from foreign currencies to Hong Kong Dollars) and interest rate swap contracts to minimise its exposure to movements in foreign currency exchange rates and interest rates in relation to its interest bearing liabilities. The fair values of these cross currency swap contracts and interest rate swap contracts are classified as non-current items should the remaining maturities of the hedged items extend for more than 12 months. Any change in fair values of the effective portion of the cash flow hedges in relation to interest rate swap contracts is recognised in the hedging reserve. Any change in fair values of the fair value hedges in relation to interest rate swap contracts and any change in fair value of cross currency swap contracts are recognised directly in the condensed consolidated income statement. A net amount of HK\$7 million (2018: HK\$24 million) had been debited to the hedging reserve during the period as further set out in Note 25.

As at 30 September 2019, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 5.24 years on HK\$1,500 million borrowings (31 March 2019: 3.59 years on HK\$6,000 million borrowings) from the reporting date. The notional principal amount and the weighted average fixed interest rate of the outstanding floating rates to fixed rates interest rate swap contracts as at 30 September 2019 were HK\$1,500 million (31 March 2019: HK\$6,000 million) and 1.77% (31 March 2019: 1.82%) respectively. The notional principal amount of the outstanding floating rates to floating rates interest rate swap contracts as at 30 September 2019 was HK\$2,000 million (31 March 2019: HK\$3,000 million).

As at 30 September 2019, the derivative financial instruments qualifying as fair value hedges have, in effect, converted part of the Group borrowings into Hong Kong Dollars fixed rate and floating rates interest bearing liabilities. The notional principal amounts of the outstanding cross currency swap contracts and interest rate swap contracts qualifying as fair value hedges as at 30 September 2019 were HK\$7,753 million (31 March 2019: HK\$7,753 million) and HK\$700 million (31 March 2019: HK\$1,400 million) respectively.

Gains and losses on interest rate swap contracts recognised in the hedging reserve (Note 25) as at 30 September 2019 will be released to the condensed consolidated income statement.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**22 Derivative financial instruments (Continued)**

As at 30 September 2019, the Group has outstanding forward contracts of selling Renminbi 351 million (31 March 2019: Renminbi 702 million) against Hong Kong Dollars. These forward contracts were entered for the purpose of locking in part of the Group's future Renminbi denominated net income in Mainland China in Hong Kong Dollars term, and are not designated for hedge accounting.

**23 Other non-current liabilities**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Amount due to non-controlling interest	<b>3,702</b>	3,552
Non-controlling interest put option obligation	<b>630</b>	790
Retention amount for acquisition of a business	<b>716</b>	758
	<b><u>5,048</u></b>	<b><u>5,100</u></b>

*Notes:*

- (i) On 23 February 2015, the Group through a non-wholly owned subsidiary (the **Project Company**, in which Link has an indirect 60% interest and Nan Fung Development Limited (**Nan Fung**) has an indirect 40% interest) acquired 77 Hoi Bun Road in Kowloon East for commercial development. For the purpose of funding the commercial development, Nan Fung, a non-controlling interest of the Project Company has contributed cash in proportion to the shareholding ratio to the Project Company. The amount due to non-controlling interest is unsecured, interest bearing at an effective interest rate of 3.3% (31 March 2019: 3.2%), has no fixed repayment term and is not repayable within one year. Such amount due to non-controlling interest including any accrued interest will be repaid from the Project Company's surplus cash after meeting its payment obligations.
- (ii) Pursuant to the shareholders' agreement, Nan Fung has a right to exercise a put option to require Link to purchase all the issued shares Nan Fung holds in the Project Company at the then fair market value, after the second anniversary of the completion of the commercial property development and certain conditions have been satisfied. The non-controlling interest put option obligation was recognised as a financial liability based on a valuation performed by Crowe Horwath First Trust Appraisal Pte Ltd, an independent firm of professional qualified valuers. The valuer has used discounted cash flow as the valuation technique. The valuation is based on various assumptions and calculated by reference to a number of unobservable inputs, including the estimated fair value of the equity interests of the Project Company at the expected time of exercise of the put option, the expected time of exercise itself, the cash flow and the discount rate used. The Manager held discussions with the valuer and reviewed all significant inputs used. Discussions of the valuation processes and results at each reporting date are held between the Manager and the valuer. Fair value of the put option obligation is included in Level 3 (31 March 2019: Level 3) of the fair value hierarchy. If the estimated fair value of the equity interests of the Project Company at the time of exercise is higher, the fair value of the put option obligation would also be higher. If the expected time of exercise is later or if the discount rate is higher, then the fair value of the put option obligation would be lower.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**23 Other non-current liabilities (Continued)**

(iii) Pursuant to the Framework Agreement dated 20 February 2019 in relation to the acquisition of the entire equity interest of 保怡物業管理(深圳)有限公司 (Baoyi Property Management (Shenzhen) Company Limited), a retention amount of RMB650 million (equivalent to approximately HK\$716 million) shall be retained by the Group, and shall be paid by the Group to the seller on or before the second anniversary of the transaction completion date subject to certain conditions.

The movement of non-controlling interest put option obligation during the period is as follows:

	<b>Fair value (Unaudited) HK\$'M</b>
At 1 April 2019	790
Recognised in the condensed consolidated income statement:	
– Fair value gain ( <i>Note 7</i> )	(160)
	<hr/>
<b>At 30 September 2019</b>	<b>630</b>
	<hr/> <hr/>

**24 Units in issue**

	<b>Number of units (Unaudited)</b>
At 1 April 2019	2,109,321,254
Units bought back for cancellation	(13,031,000)
Units issued under the 2007 LTI Plan	477,632
	<hr/>
<b>At 30 September 2019</b>	<b>2,096,767,886</b>
	<hr/> <hr/>

Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Link) bought back a total of 13,031,000 units (2018: 39,480,000 units) at an aggregate price of HK\$1,138 million (2018: HK\$3,007 million). All units bought back were cancelled during the period.

Closing price of the units as at 30 September 2019 was HK\$86.45 (31 March 2019: HK\$91.80) per unit. Based on 2,096,767,886 units in issue as at 30 September 2019 (31 March 2019: 2,109,321,254 units), market capitalisation was HK\$181,266 million (31 March 2019: HK\$193,636 million).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**25 Reserves**

	Other reserve (Unaudited) HK\$'M	Hedging reserve (Unaudited) HK\$'M	Exchange reserve (Unaudited) HK\$'M	Earnings retained for exchange and cash flow hedge adjustments (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M
At 1 April 2019	(580)	8	(384)	376	(580)
Cash flow hedges:					
– Change in fair values	–	28	–	–	28
– Amount transferred to the condensed consolidated income statement ( <i>Note (i)</i> )	–	(35)	–	–	(35)
	–	(7)	–	–	(7)
Exchange loss on translation of financial statements	–	–	(1,493)	–	(1,493)
Net assets attributable to Unitholders:					
– Amount arising from exchange reserve and cash flow hedging reserve movements ( <i>Note (ii)</i> )	–	–	–	1,500	1,500
<b>At 30 September 2019</b>	<b>(580)</b>	<b>1</b>	<b>(1,877)</b>	<b>1,876</b>	<b>(580)</b>

*Notes:*

- (i) Amount transferred to the condensed consolidated income statement in respect of cash flow hedges was included in “Finance costs” (*Note 7*).
- (ii) The amount represented earnings retained for the period to offset the exchange reserve and cash flow hedging reserve movements.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**26 Capital commitments**

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Capital expenditure of investment properties contracted but not provided for at the end of the period	<u><b>866</b></u>	<u>1,159</u>

**27 Connected party transactions and significant related party transactions and balances**

Information required to be disclosed concerning related party transactions is set out in this note unless disclosed elsewhere in these condensed consolidated interim financial information.

**(a) Nature of relationship with connected/related parties**

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/HKAS 24 (Revised) “Related Party Disclosures”, and the nature of their relationship with the Group as at 30 September 2019:

<b>Connected/related party</b>	<b>Relationship with the Group</b>
HSBC Institutional Trust Services (Asia) Limited (the <i>Trustee</i> ) *	The Trustee of Link
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the <i>HSBC Group</i> ) *	Associates # of the Trustee
Jones Lang LaSalle Limited (the <i>Principal Valuer</i> )	The Principal Valuer of Link
Jones Lang LaSalle Management Services Limited	Associate # of the Principal Valuer
Beijing Jones Lang LaSalle Property Management Services Company Limited Shenzhen Branch	Associate # of the Principal Valuer
Aedas Limited *	Associate # of director
Dah Sing Bank, Limited	Associate # of director
DBS Bank (Hong Kong) Limited	Associate # of director
The Chamber of Hong Kong Listed Companies	Associate # of director
The Hong Kong Institute of Directors Limited	Associate # of director

\* These connected parties are also considered as related parties of the Group.

# “Associate” has the meaning ascribed to it under the REIT Code.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**27 Connected party transactions and significant related party transactions and balances  
(Continued)**

**(b) Transactions with connected/related parties**

The following transactions were carried out with connected/related parties:

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Trustee's fee paid and payable to the Trustee <i>(Note (ii))</i>	(12)	(10)
Transactions with the HSBC Group <i>(Note (iii))</i>		
Interest expense and various financing charges to the HSBC Group on interest bearing liabilities, cross currency swap contracts and interest rate swap contracts	(22)	(23)
Rental income from the HSBC Group on leasing of retail units	19	19
Interest income from the HSBC Group on bank deposits	10	4
Transactions with the Principal Valuer <i>(Note (iii))</i>		
Valuation fee	(1)	(1)
Consultancy services fees	(2)	(2)
Charges for provision of fitter services paid and payable to Jones Lang LaSalle Management Services Limited <i>(Note (iii))</i>	(7)	(8)
Property management fee paid and payable to Beijing Jones Lang LaSalle Property Management Services Company Limited Shenzhen Branch <i>(Note (iii))</i>	(11)	–
Architectural/renovation consultancy services fees paid and payable to Aedas Limited <i>(Notes (iii) and (iv))</i>	(1)	(4)
Rental income from Dah Sing Bank, Limited on leasing of retail units <i>(Notes (iii) and (v))</i>	4	4
	<u>4</u>	<u>4</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**27 Connected party transactions and significant related party transactions and balances  
(Continued)**

**(b) Transactions with connected/related parties (Continued)**

Notes:

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreements governing the transactions and in the ordinary course of business.
- (ii) The Trustee is entitled to receive an annual trustee's fee (calculated and paid monthly) at rates ranging from 0.008% per annum to 0.03% per annum of the latest property value as determined in the latest annual valuation report of an independent property valuer recommended by the Manager and appointed by the Trustee for and on behalf of Link from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) The transactions were entered into at arm's length on normal commercial terms.
- (iv) Aedas Limited is an associate of Mr Ian Keith GRIFFITHS.
- (v) Dah Sing Bank, Limited is an associate of Mr Blair Chilton PICKERELL.

**(c) Balances with related parties**

Balances with related parties are set out below:

	<b>30 September 2019 (Unaudited) HK\$'M</b>	31 March 2019 (Audited) HK\$'M
Trustee's fee payable to the Trustee	(2)	(2)
Interest bearing liabilities with the HSBC Group	(1,385)	(1,940)
Agency fee payable to the HSBC Group	–	(55)
Net interest payable to the HSBC Group	(4)	(3)
Security deposits from the HSBC Group	(3)	(3)
Cross currency swap contracts and interest rate swap contracts with the HSBC Group	6	(123)
Deposits placed with the HSBC Group	<u>1,752</u>	<u>2,002</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(Continued)**

**27 Connected party transactions and significant related party transactions and balances  
(Continued)**

**(d) Key management compensation**

The aggregate amounts of emoluments of the key management staff of the Group are as follows:

	<b>Six months ended 30 September 2019 (Unaudited) HK\$'M</b>	Six months ended 30 September 2018 (Unaudited) HK\$'M
Fees	<b>4</b>	4
Basic salaries, allowances and other benefits	<b>117</b>	109
Long-term incentive schemes awards	<b>54</b>	52
	<hr/> <b>175</b> <hr/>	<hr/> 165 <hr/>

**28 Approval of the condensed consolidated interim financial information**

The condensed consolidated interim financial information was authorised for issue by the Board on 13 November 2019.

## APPRECIATION

The Board would like to thank all staff for their professionalism, commitment and dedicated services which enable Link to secure the support and loyalty of our tenants and communities we serve. The Board also wants to extend its appreciation to our customers, suppliers and Unitholders for their continuous support and confidence in Link.

## REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE AND AUDITOR

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2019 have been reviewed by the Audit and Risk Management Committee. The condensed consolidated interim financial information has also been reviewed by PricewaterhouseCoopers, Link's auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2019, Link and the Manager complied with the Code on Real Estate Investment Trusts, the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**) (the **Listing Rules**), Link's trust deed (as amended by supplemental deeds), and in all material respects the Manager's compliance manual. Link and the Manager also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules throughout the period.

The corporate governance policy and practices adopted for the six months ended 30 September 2019 remained in line with those in place for the financial year ended 31 March 2019 as disclosed in the corporate governance report in Annual Report 2018/2019 of Link. Further details will be set out in Interim Report 2019/2020 of Link.

## BUY-BACK, SALE OR REDEMPTION OF LINK'S LISTED UNITS

During the period under review, the Manager (on behalf of Link) bought back a total of 13,031,000 units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK\$1,137.5 million. Further details are set out as follows:

Month	Number of units bought back	Purchase price per unit		Approximate aggregate consideration (excluding expenses) HK\$'M
		Highest HK\$	Lowest HK\$	
<b>2019</b>				
August	3,544,000	88.50	86.20	308.0
September	9,487,000	89.40	86.00	829.5

All the units bought back were cancelled prior to the period end. Save as disclosed above, neither the Manager nor any of Link's subsidiaries bought back, sold or redeemed any of Link's listed units during the period under review.

## ISSUE OF NEW UNITS

During the period under review, 477,632 new units of Link were issued to satisfy vesting of restricted unit awards granted pursuant to the long-term incentive plan adopted by Link on 23 July 2007. Based on 2,096,767,886 units in issue as at 30 September 2019, the number of new units issued during the period under review represented approximately 0.02% of the issued units of Link.

## PUBLIC FLOAT

Based on the information publicly available to the Manager, Link continues to meet the required public float of no less than 25% of its issued units in public hands.

## INTERIM DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

The interim distribution of HK141.47 cents per unit for the six months ended 30 September 2019 will be paid in cash on Tuesday, 10 December 2019 to those Unitholders whose names appear on the register of Unitholders of Link on Tuesday, 3 December 2019. For the purpose of ascertaining Unitholders' entitlement to the interim distribution, the register of Unitholders of Link will be closed from Friday, 29 November 2019 to Tuesday, 3 December 2019, both days inclusive, during which period no transfer of units will be registered. In order to qualify for the interim distribution, all transfer documents accompanied by the relevant unit certificates must be lodged with Link's unit registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 28 November 2019.

## CHANGE IN PROPERTY VALUATION METHODOLOGY

Link has been using two valuation methodologies – Income Capitalisation Approach (***Income Cap Approach***) and Discounted Cash Flow Approach (together, ***Previous Methodology***) – for Link’s property valuation (except the properties of The Quayside and 700 Nathan Road) for Interim and Annual Reports since Link’s initial public offering in 2005.

Link will change from using two valuation methodologies to one valuation methodology by using Income Cap Approach only (cross-referenced to the Direct Comparison Approach) (***New Methodology***) for Link’s property valuation for Interim and Annual Reports starting from the Annual Report for the financial year ending 31 March 2020.

The using of Income Cap Approach (cross-referenced to the Direct Comparison Approach) is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of Link. Income Cap Approach has been widely acceptable and well understood in the property market and investment market as a single valuation method by analysts, valuers, and property investors; and compared with Discounted Cash Flow Approach, Income Cap Approach involves less hypothetic assumptions. Key elements used in the Income Cap Approach, such as market rent and capitalisation rate, are derived from live transactions and current market data. It is also in the interest of Unitholders as comparison with other H-REITs is more straight-forward and on like-for-like basis.

No prior-year adjustment or re-statement to previous financial year financial statements is required. It is noted that the variances between the valuations prepared under Previous Methodology and New Methodology on a 10-year horizon ranges from –0.3% to 3.4%, with an average of 1.95%. Based on the above, the change in valuation methodology is not expected to have a material impact on the financial statements of Link.

The proposed change of valuation methodology is in compliant with Link’s trust deed and compliance manual. HSBC Institutional Trust Services (Asia) Limited, the trustee of Link, has no objection for the Manager to use only the Income Cap Approach in Link’s property valuation reports for its Annual Reports.

## DESPATCH OF INTERIM REPORT 2019/2020

The Interim Report 2019/2020 of Link will be despatched to Unitholders on or about Wednesday, 27 November 2019.

By order of the Board  
**Link Asset Management Limited**  
**(as manager of Link Real Estate Investment Trust)**  
**WONG Tai Lun Kenneth**  
*Company Secretary*

Hong Kong, 13 November 2019

*As at the date of this announcement, the Board of the Manager comprises:*

*Chairman (also an Independent Non-Executive Director)*

Nicholas Charles ALLEN

*Executive Director*

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

*Non-Executive Director*

Ian Keith GRIFFITHS

*Independent Non-Executive Directors*

Christopher John BROOKE

Ed CHAN Yiu Cheong

Blair Chilton PICKERELL

Poh Lee TAN

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

Elaine Carole YOUNG