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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)**

### **THE IMPACT OF COVID-19 ON LINK**

The Board expects that the financial results of Link will be adversely affected and Link will report a net loss for the year ended 31 March 2020 due to (i) the expected drop in valuation of the properties; and (ii) the establishment of a support scheme and multi-pronged measures to support tenants. The Board also expects that the distributable income for the year ended 31 March 2020 will remain stable.

This announcement is made by Link Asset Management Limited (the **Manager**) as the manager of Link Real Estate Investment Trust (**Link**) pursuant to 10.3 of the Code on Real Estate Investment Trusts.

Since the outbreak of the coronavirus disease (**COVID-19**), the governments of Hong Kong and Mainland China have implemented various contingency measures. Consumer sentiment and retail sales have been adversely impacted. It is expected that the business environment in Hong Kong and Mainland China will remain challenging the near term until the spread of COVID-19 is effectively contained.

Currently, the entire property portfolio of Link is situated in Hong Kong, Mainland China and Australia. The board of directors of the Manager (the **Board**) expects that the financial results of Link will be adversely affected and Link will report a net loss for the year ended 31 March 2020 due to (i) the expected drop in valuation of the properties; and (ii) the establishment of a support scheme and multi-pronged measures to support tenants, further details of which are set out below. The Board also expects that the distributable income for the year ended 31 March 2020 will remain stable.

## **THE VALUATION OF THE INVESTMENT PROPERTY PORTFOLIO**

Due to the uncertainty in the future operating performance as a consequence of COVID-19 and the dampened economic and operating environment in Hong Kong and Mainland China, it is expected that the appraised value of our investment properties as at 31 March 2020 will decrease when compared to that as at 30 September 2019. Based on the preliminary assessment by Colliers International (Hong Kong) Limited, the principal valuer of Link, the appraised value of our investment properties is expected to be HK\$193,224 million as at 31 March 2020 (a decline of 12.3% when compared to the appraised value of HK\$220,434 million as at 30 September 2019).

Since Link's investment properties are held as long-term investments for stable and recurring income and the valuation loss is non-cash in nature, there will be no effect on the operating cash flow and distribution per unit of Link.

## **ESTABLISHMENT OF A SUPPORT SCHEME AND MULTI-PRONGED MEASURES TO SUPPORT TENANTS**

We have put in place a HK\$300 million support scheme for our tenants in Hong Kong to alleviate their operating pressure brought about by the COVID-19 pandemic. The support scheme provides targeted relief measures including rental concessions to individual tenants according to their circumstances, with priority given to the most affected sectors. This is an extension of the relief efforts to support selected tenants that were impacted due to the social incidents since the second half of 2019. In addition, we have implemented other multi-pronged measures to support tenants and encourage shopper spending, such as reducing rent, granting rent-free periods and car park fee discount, allowing rent payment by instalments, waiving late payment interest and service charges.

In addition to the support scheme in Hong Kong, we have also offered relief measures to our tenants in Mainland China. Depending on the extent and length of the COVID-19 pandemic, we may have to extend further assistance to our tenants across Link's portfolio and to increase marketing expenses to stimulate shopper spending.

However, the majority of the financial impact arising from the support scheme and multi-pronged measures will be reflected in the year ending 31 March 2021 and beyond pursuant to the applicable accounting standards.

## **FUTURE OPERATING PERFORMANCE**

Given our non-discretionary trade mix and proactive asset management strategy, the business at Link historically has been resilient. Based on information currently available, the Board expects that distributable income should remain relatively sustainable in the short term. However, rental reversion, occupancy and tenant retention will be highly dependent on the recovery of the overall business and trading environment. The COVID-19 global outbreak has increased uncertainty in our future operating performance which is currently difficult to predict. Negative rental reversions and lower occupancy within Link's portfolio could adversely affect the financial results in the coming financial years, which could be significant to Link but are not possible to quantify at this stage. We are now focusing on possible operational cost containment options and we will continue to monitor and protect Link's financial and liquidity positions, both of which remain healthy.

Link is committed to the continued prevention of any outbreak of COVID-19 within our premises. We have been implementing a host of measures in our shopping centres, fresh markets and car parks, which include deep cleaning and sanitization of facilities to protect tenants and shoppers, raising frontline staff's anti-infection awareness and upgrading their gear, and calling for tenants' collaboration on the implementation of contingency plans. Link has also provided various dedicated support services for tenants in the event of an emergency.

The information contained in this announcement is based only upon the preliminary assessment made by the Board with reference to the information currently available, which has neither been reviewed nor audited by Link's auditors. Link's consolidated results for the year ended 31 March 2020 are expected to be published in early June 2020.

**Unitholders and potential investors are advised to exercise caution when dealing in the units of Link.**

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, 4 May 2020

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

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

Nicholas Charles ALLEN

*Executive Directors*

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

NG Kok Siong (*Chief Financial 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