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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 2022

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 of Link (the **Unitholders**) the unaudited interim results of Link and its subsidiaries (the **Group**) for the six months ended 30 September 2022.

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2022, after review by the audit and risk management committee of the Manager (the **Audit and Risk Management Committee**), were approved by the Board on 9 November 2022.

OVERALL FINANCIAL RESULTS

In 1H 2022/2023, we continued to deliver solid performance amid economic headwinds. During the six months under review, revenue and net property income increased by 4.6% and 4.5% year-on-year to HK\$6,042 million (six months ended 30 September 2021: HK\$5,778 million) and HK\$4,587 million (six months ended 30 September 2021: HK\$4,391 million), respectively.

Valuation of the investment property portfolio increased by 5.0% to HK\$223,485 million (31 March 2022: HK\$212,761 million) mainly due to fair value gains of HK\$10,853 million and the acquisition of assets of HK\$3,818 million, which was partly offset by HK\$4,815 million of foreign currency depreciation. Net asset value per unit increased by 4.9% to HK\$80.86 (31 March 2022: HK\$77.10).

Total distributable amount is HK\$3,277 million (six months ended 30 September 2021: HK\$3,336 million). Interim distribution per unit (DPU) for the period is HK155.51 cents (six months ended 30 September 2021: HK159.59 cents). Excluding the discretionary distribution of HK7 cents per unit in 1H 2021/2022, interim DPU for the period increased by 1.9%.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Highlights – China

Hong Kong Portfolio

Our Hong Kong portfolio primarily comprises 126 community commercial facilities attached/adjacent to public residential estates in close vicinity to public transportation hubs, together with approximately 57,000 car park spaces. These community commercial facilities offer daily necessities and essential services, while parking services are made available to the residents of the surrounding estates and the general public. These assets are an integral part of Hong Kong's consumption infrastructure, with resilient revenue streams underpinning our financial strength amid uncertainty. We also own 60% of a grade-A office tower – The Quayside – in Kowloon East. Our newly-acquired car park/car service centres and godown buildings in Hung Hom and Chai Wan provide steadily increasing income and regular rental step-ups.

This portfolio delivered 4.3% and 5.3% year-on-year growth in total revenue and net property income, respectively. Overall rental collection remained healthy at 96% during the period.

In August 2022, we won the tender for the acquisition of a parcel of commercial-use land off Anderson Road, Kwun Tong. This investment demonstrates our long-term commitment to Hong Kong's development and supporting the daily needs of the communities in the housing estates.

Retail

- This resilient portfolio continues to deliver growth with a strong rental reversion momentum. The average reversion rate increased from 5.9% in 2H 2021/2022 to 8.5% in 1H 2022/2023. The average unit rent was HK\$63.2 per square foot (*psf*).
- Leasing sentiment remained buoyant in our community commercial facilities. Chain stores continue to migrate from traditional shopping districts into our shopping malls, attracted to the predictable and strong footfall. Our leasing team continues to reach out proactively to new retailers, with over 400 new leases signed during the reporting period. As a result, the occupancy rate remained high at 97.5%, despite the backdrop of the ongoing recovery in Hong Kong's leasing sentiment.
- Our overall tenant gross sales psf continued to outperform the market. With support from the HKSAR Government's Consumption Voucher Scheme, general retail consumption sentiment improved. A 3.8% year-on-year growth in tenant gross sales psf was recorded. Overall rent-to-sales ratio further normalised to 12.6%, with improvements in the food and beverage (*F&B*) and general retail segments.
- The HKSAR Government's gradual relaxation of COVID-related restrictions and quarantine measures is expected to support leasing sentiment in the second half of this financial year. A potential increase in the minimum wage in 2023 is expected to boost consumption sentiment in our catchments and benefit our tenants significantly. We remain optimistic that Hong Kong is on the recovery path to normalcy and unfettered reopening.

Revenue Breakdown

	Six months ended 30 September 2022 HK\$'M	Six months ended 30 September 2021 HK\$'M	Year-on-year change %
Retail rental:			
Shops ⁽¹⁾	2,460	2,457	0.1
Markets/Cooked Food Stalls	502	486	3.3
Education/Welfare and Ancillary	73	71	2.8
Mall Merchandising	90	107	(15.9)
Expenses recovery and other miscellaneous revenue⁽²⁾	520	480	8.3
Total retail revenue	3,645	3,601	1.2

Notes:

- (1) Rental from shops included base rent of HK\$2,418 million (six months ended 30 September 2021: HK\$2,419 million) and turnover rent of HK\$42 million (six months ended 30 September 2021: HK\$38 million).
- (2) Other miscellaneous revenue includes management fees, air conditioning service fees, promotion levies and miscellaneous revenue.

Operational Statistics

	Occupancy rate		Reversion rate		% of total area ⁽¹⁾
	As at 30 September 2022 %	As at 31 March 2022 %	Six months ended 30 September 2022 %	Six months ended 30 September 2021 %	As at 30 September 2022 %
Shops	97.7	98.1	6.8	2.3	83.9
Markets/Cooked Food Stalls	96.2	95.2	16.3	14.2	9.3
Education/Welfare and Ancillary	97.1	97.0	1.1	4.3	6.8
Total	97.5	97.7	8.5	3.4	100.0

Note:

- (1) Total excluding self-use office.

Tenant Retail Gross Sales Growth and Rent-to-sales Ratio

(Six months ended 30 September 2022)

Trade	Tenant retail gross sales growth psf %	Rent-to-sales ratio ⁽¹⁾ %
Food and Beverage	0.4	13.7
Supermarket and Foodstuff	4.1	11.0
General Retail ⁽²⁾	7.2	13.4
Overall	3.8	12.6

Notes:

⁽¹⁾ A ratio of base rent (excluding management fees) to tenant retail gross sales psf.

⁽²⁾ Including clothing and accessories, department stores, electrical and household products, personal care/ medicine, optical, books and stationery, newspapers, valuable goods, services, leisure and entertainment, and other retail.

Portfolio Breakdown

Properties	No. of properties	Retail property valuation ⁽²⁾	Retail rentals	Average monthly unit rent ⁽¹⁾		Occupancy rate	
	As at 30 September 2022	As at 30 September 2022 HK\$'M	Six months ended 30 September 2022 HK\$'M	As at 30 September 2022 HK\$ psf	As at 31 March 2022 HK\$ psf	As at 30 September 2022 %	As at 31 March 2022 %
Destination	6	27,718	612	77.1	76.5	97.4	97.7
Community	35	71,065	1,769	70.6	69.7	97.7	98.2
Neighbourhood	57	30,405	744	45.5	45.5	97.3	97.1
Total	98	129,188	3,125	63.2	62.7	97.5	97.7

Notes:

⁽¹⁾ Average monthly unit rent represents the average base rent (excluding management fees) per month psf of leased area.

⁽²⁾ Excluding a parcel of commercial-use land off Anderson Road, Kwun Tong of HK\$766 million.

Trade Mix

(As at 30 September 2022)

Trade	By monthly rent ⁽¹⁾ %	By leased area %
Food and Beverage	27.6	29.6
Supermarket and Foodstuff	22.2	17.3
Markets/Cooked Food Stalls	17.4	9.2
Services	10.5	10.6
Personal Care/Medicine	5.5	3.9
Education/Welfare and Ancillary	1.0	6.8
Valuable Goods (Jewellery, watches and clocks)	0.7	0.4
Others ⁽²⁾	15.1	22.2
Total	100.0	100.0

Notes:

⁽¹⁾ Refers to base rent (excluding management fees).

⁽²⁾ Others include clothing and accessories, department stores, electrical and household products, optical, books and stationery, newspapers, leisure and entertainment.

Lease Expiry Profile

(As at 30 September 2022)

	% of total area %	% of monthly rent ⁽¹⁾ %
2022/2023	15.7	17.2
2023/2024	28.3	30.6
2024/2025 and Beyond	48.6	46.4
Short-term Lease and Vacancy	7.4	5.8
Total	100.0	100.0

Note:

⁽¹⁾ Refers to base rent (excluding management fees).

Property Development

- On 31 August 2022, we announced that we had won the tender for a parcel of commercial-use land off Anderson Road, Kwun Tong, with a land premium of HK\$766 million. The land premium represents an approximate 8.8% discount to the appraised value (as at 12 August 2022) of the land.
- We intend to develop this land into a property comprising community commercial facilities, a fresh market and car parks by 2027. The total development cost (including land premium) is expected to be approximately HK\$1.6 billion.
- Upon completion, this commercial property will be connected to nearby populous housing estates and the Sau Mau Ping area. It will be strategically positioned amidst a cluster of our existing shopping centres. This enables us to create synergies among the assets and to optimise the trade/tenant mix in the area.
- Our core interests lie in areas with sustainable growth potential, particularly non-discretionary and community retail assets, servicing the essential needs of consumers. We remain positive about this community commercial segment, our proven track record, and its proven ability to generate resilient cash flow. This segment has weathered social unrest and COVID, well positioned to rebound and recover.

Car Park and Related Business

- Revenue from car park and related business grew 12.7% year-on-year due to an encouraging improvement in monthly ticket sales and full-period contributions from our two new car park/car service centres and godown buildings in Hung Hom and Chai Wan. These recently acquired properties are secured with long-term leases and annual rental increments.
- During the period, hourly car park rental revenue increased by 2.1% year-on-year and has surpassed pre-COVID levels. In August 2022, an average, mid-single-digit upward adjustment in the monthly car park tariff became effective. Monthly car park income recorded a 3.4% growth year-on-year.
- Car park income per space per month increased by 3.1% year-on-year to HK\$3,167.
- As at 30 September 2022, the average car park valuation per space was approximately HK\$700,000, increasing by 15.3% (31 March 2022: HK\$607,000) reflecting both higher income and a capitalisation rate adjustment.

Revenue Breakdown

	Six months ended 30 September 2022 HK\$'M	Six months ended 30 September 2021 HK\$'M	Year-on-year change %
Rental income:			
Monthly car park	780	754	3.4
Hourly car park	294	288	2.1
Car park related business ⁽¹⁾	103	–	N/A
Expense recovery and other miscellaneous revenue	3	5	(40.0)
Total car park and related business revenue	1,180	1,047	12.7

Note:

- ⁽¹⁾ Refers to contributions from two car park/car service centres and godown buildings in Hung Hom and Chai Wan.

Office

- We improved the committed occupancy rate of our joint-venture office building, The Quayside, to 98.2% as of 5 October 2022 and maintained a high occupancy amid this difficult leasing market.
- We believe that the flight-to-quality trend persists, and as a quality grade-A office building in Kowloon East, The Quayside is expected to be a beneficiary.

Property Operating Expenses

- During the period, total property operating expenses increased by 0.8%. Stringent cost control led to revenue expansion outgrowing our expense increment. Net property income margin improved to 77.3% (six months ended 30 September 2021: 76.6%).
- Promotion and marketing expenses increased by 7.4% as we allocated more resources to large-scale promotion campaigns and free parking programmes.

Property Operating Expenses Breakdown

	Six months ended 30 September 2022 HK\$'M	Six months ended 30 September 2021 HK\$'M	Year-on-year change %
Property managers' fees, security and cleaning	292	293	(0.3)
Staff costs	224	220	1.8
Repair and maintenance	83	90	(7.8)
Utilities	167	164	1.8
Government rent and rates	138	139	(0.7)
Promotion and marketing expenses	87	81	7.4
Estate common area costs	50	50	–
Other property operating expenses	88	83	6.0
Total property operating expenses	1,129	1,120	0.8

Mainland China Portfolio

Our Mainland China portfolio comprises shopping malls, an office building and logistics properties in tier-one cities and surrounding river delta areas. This portfolio recorded 3.3% year-on-year growth in total revenue mainly due to new revenue streams from the logistics properties, which started contributing during the reporting period. Net property income declined 1.2% year-on-year, as net property income margin dropped amid the headwinds faced by the retail sector in Mainland China, owing to COVID response and prevention measures. Our office building in Shanghai reported negative reversion, impacted by abundant supply in the market. Our logistics properties in Greater Bay Area and Yangzi River Delta performed satisfactorily as they are strategically located, well-positioned and experienced strong leasing demand. Overall rental collection rate was 90% during the period.

Retail

- The business environment in Mainland China remained challenging with further waves of COVID in 1Q 2022/2023. Short-term, targeted COVID prevention measures have resulted in business interruption for our tenants. Capacity limits were temporarily imposed on restaurants, gyms and entertainment venues. As a result, revenue from our Mainland China retail portfolio decreased by 0.2% year-on-year.
- The uncertainties relating to ongoing COVID prevention measures have also dampened consumption and leasing sentiment. The average reversion rate (including Qibao Vanke Plaza in Shanghai, our Qualified Minority-owned Property) was 8.4% during the period. We expect it will take some time for market confidence to be restored.
- As at 30 September 2022, the average occupancy of this portfolio (including Qibao Vanke Plaza in Shanghai, our Qualified Minority-owned Property) was 92.1%. Amid COVID, our leasing team swiftly adjusted its leasing strategies to maintain the occupancy rate. Flexible leasing arrangements, including short-term leases and pop-up stores, were offered. We have also introduced new and trend-setting tenants and formed strategic partnerships with local brands to attract footfall. Marketing and social media campaigns/events were also organised to boost sales. RMB24 million of rental concessions and property management fees waivers were granted, providing continued support to our tenants.

Office

- We fully own Link Square in Shanghai, which is predominantly leased to large, reputable local and international businesses. Amid softening demand in a competitive market, maintaining a high occupancy remains our key focus. The office reversion rate was -18.2%, mainly attributable to renewal of the contract with our anchor tenant. Securing this lease renewal helped attain a healthy occupancy rate of 96.0%.
- We have completed the first phase of the year-long asset enhancement of Link Square and expect the entire enhancement to be completed by the end of 2022.

Lease Expiry Profile

(As at 30 September 2022)

	Retail ⁽¹⁾		Office	
	% of total area %	% of monthly rent ⁽²⁾ %	% of total area %	% of monthly rent ⁽²⁾ %
2022/2023	14.7	15.7	21.6	25.1
2023/2024	15.0	24.4	12.6	14.8
2024/2025 and Beyond	62.4	59.9	61.8	60.1
Vacancy	7.9	–	4.0	–
Total	100.0	100.0	100.0	100.0

Notes:

⁽¹⁾ Qibao Vanke Plaza's leases were included.

⁽²⁾ Refers to base rent (excluding management fees).

Logistics

- Our 75% interests in two recently-developed modern logistics properties in Dongguan and Foshan are fully occupied, with an annual rental escalation of 4% to 5% embedded in the leases.
- We increased our exposure to the Mainland China logistics sector in May 2022 and announced the acquisition of three logistics properties in Jiaxing and Changshu in the Yangzi River Delta. The acquisition of the Jiaxing property was completed on 29 June 2022.
- We have progressively built a local team to oversee these properties and to support our growth strategy in this sector. We favour Mainland China logistics for its supply/demand imbalance. Our focus remains on logistics assets located in proven transportation hubs, with good entry yields and steady rental growth potential. The logistics segment supports the supply chain essential for consumer goods and related services. As such, these segments are complementary to our retail portfolio and offer synergies with our existing tenant base. We believe that the fundamentals of the logistics industry development continue to bode well, with the continuous growth of e-commerce and a reconfigured post-pandemic supply chain.

Operational Highlights – Overseas

We strengthened our presence in the Australian market in 2022/2023, announcing completion of two acquisitions – (1) a 50% interest in three iconic retail properties in Sydney and (2) a joint venture in a prime office portfolio of five prime offices in Sydney and Melbourne (49.9% interest). This portfolio, which prior to these acquisitions comprised an office building in each of Australia and the United Kingdom, delivered HK\$281 million and HK\$179 million in total revenue and net property income, respectively. Overall rental collection rate was 93% during the period.

Retail Portfolio

- The acquisition of 50% interests in three iconic retail properties – Queen Victoria Building, The Galleries and The Strand Arcade – was completed on 1 July 2022. Consumption sentiment in Australia has remained robust since the full reopening of its international borders. Retail sales growth, footfall and tenant demand were well supported by the strong economic fundamentals and post-pandemic recovery. The Australia portfolio's occupancy was 95.9%, as at the period end. We are redoubling our leasing efforts to cater for new, post-pandemic trends and expectations and to tap into the continuous economic recovery.

Office Portfolio

- The offices we have invested in Australia and the United Kingdom have a long weighted average lease expiry of 6.1 years, excellent building specifications and track records of income stability from top-notch tenants. As COVID restrictions were lifted, more occupiers returned to the office and back-to-office rates in both geographies saw a gradual recovery. Portfolio occupancy (including a joint venture in a prime office portfolio in Sydney and Melbourne) was 91.8%, as at the period end.
- We completed the acquisition of a joint venture in a prime office portfolio in Sydney and Melbourne (49.9% interest) on 1 June 2022. The flight-to-quality trend is expected to benefit our offices, with our best-in-class building specifications and excellent green ratings. We expect that the Australian office sector will continue to benefit from the reopening and gradual economic recovery.

Completed projects in 1H 2022/2023

- We actively manage our assets, driving productivity by continually improving the trade mix to ensure the shopping and dining facilities remain relevant to shoppers and their changing aspirations. In 1H 2022/2023, we completed three asset enhancement projects in Hong Kong. A total capital expenditure of HK\$35 million, HK\$27 million and HK\$74 million was spent on the rejuvenation of Lok Fu Market, Tai Yuen Market and Tak Tin Market, with estimated ROIs of 23.7%, 21.8% and 9.3%, respectively.
- Tak Tin Market has undergone its first asset enhancement and re-opened in August 2022. We transformed this confined space into a brighter and more spacious market and diversified its trade mix by introducing new merchants and a cooked-food corner. The enhancement project has transformed Tak Tin Market into a community stronghold that brings vibrancy to the neighbourhood and enhances the resilience of our Hong Kong portfolio.

Approved Asset Enhancement Projects Underway

- The asset enhancements of Fung Tak, Tung Tau Market, Kai Tin, Butterfly and Sau Mau Ping in Hong Kong are underway. We anticipate that these projects will incur an estimated capital expenditure of HK\$26 million, HK\$27 million, HK\$131 million, HK\$26 million and HK\$58 million, respectively. The projects all are expected to complete in early 2023 to early 2024.
- The total estimated cost for Hong Kong asset enhancement projects under planning and statutory approval is over HK\$590 million.
- We are also leveraging our expertise to unlock the potential of our assets in Mainland China. The first phase of the asset enhancement of Happy Valley Shopping Mall in Guangzhou commenced in September 2022. Business at the shopping mall has not been interrupted as we have carefully planned and phased our asset enhancement works. We are repartitioning the area previously occupied by a department store and positioning it as a community hub. We will revitalise the mall by enhancing its brand image, competitiveness and tenants' profile. The trade mix will evolve to include greater F&B, kids, entertainment and general retail offerings, catering to the needs of young consumers, white-collar workers and family customers. The estimated capital expenditure for phase one of the enhancement project is approximately RMB200 million.

Valuation Review

- Colliers International (Hong Kong) Limited (**Colliers**), the principal valuer of Link, valued Link's properties as at 30 September 2022, using the income capitalisation approach, with reference to market comparables via the direct comparison approach. For the parcel of commercial land off Anderson Road, Kwun Tong, Colliers valued the land value using the residual method.
- As at 30 September 2022, the total value of investment properties had increased by 5.0% to HK\$223,485 million compared to 31 March 2022. This increase was mainly due to fair value gains of HK\$10,853 million and the completion of the announced acquisitions of HK\$3,818 million, but was partly offset by HK\$4,815 million of foreign currency depreciation.
- As at 30 September 2022, the value of our Hong Kong retail properties was HK\$129,954 million, up 5.8% from HK\$122,878 million as at 31 March 2022 due to the (1) higher valuation of the existing portfolio as a result of a slight increase in overall net property income and market rent, (2) higher valuation of properties which underwent asset enhancement, reflecting their respective upgraded building conditions, and (3) the acquisition of a parcel of commercial-use land off Anderson Road, Kwun Tong.
- The value of car parks and related business increased 13.1% to HK\$45,358 million (31 March 2022: HK\$40,102 million), mainly due to an increase in car park tariffs and monthly ticket sales. The value of our Hong Kong office was HK\$8,802 million (31 March 2022: HK\$8,860 million).
- The value of our properties in Mainland China (including our 50% value in Qibao Vanke Plaza) was HK\$35,198 million (31 March 2022: HK\$38,433 million). Excluding the translation difference and the acquisition of our Jiaxing property, the value of our Mainland properties remained largely unchanged in Renminbi terms.
- The valuation of our retail and office buildings (including our 49.9% value in the prime office portfolio in Sydney and Melbourne) in Australia was HK\$2,770 million (31 March 2022: nil) and HK\$9,367 million (31 March 2022: HK\$4,112 million), respectively, as at 30 September 2022. The increase in the valuation of office buildings was mainly due to the acquisition of a joint venture stake in a prime office portfolio in Sydney and Melbourne. The valuation of our office building in the United Kingdom was HK\$3,160 million (31 March 2022: HK\$3,862 million). Our overseas investments were principally funded by local currency borrowings as currency hedges. The exchange translation differences were largely offset.
- The capitalisation rate of our Hong Kong car parks and related business compressed reflecting the improved liquidity in the current market. The capitalisation rate of our office property in the United Kingdom increased due to yield expansion experienced in the market. Other changes in capitalisation rates related to newly acquired properties.
- Colliers will retire as the principal valuer following the valuation as at 30 September 2022, having completed three consecutive full-year valuations. Subject to regulatory approval, Cushman & Wakefield Limited will be appointed as the principal valuer of Link. It will start valuing Link's property portfolio from March 2023.

Valuation

	Valuation		Capitalisation Rate	
	As at 30 September 2022 HK\$'M	As at 31 March 2022 HK\$'M	As at 30 September 2022	As at 31 March 2022
Hong Kong				
Retail properties	129,954	122,878	3.10% – 4.50%	3.10% – 4.50%
Car parks and related business	45,358	40,102	2.60% – 4.80%	2.90% – 5.30%
Office property	8,802 ⁽¹⁾	8,860 ⁽¹⁾	3.00%	3.00%
	<u>184,114</u>	<u>171,840</u>		
Mainland China				
Retail properties	26,837 ⁽²⁾	29,936 ⁽²⁾	4.25% – 4.75%	4.25% – 4.75%
Office property	6,076	6,782	4.25%	4.25%
Logistics properties	2,285	1,715	4.70% – 5.00%	5.00%
	<u>35,198</u>	<u>38,433</u>		
Australia				
Retail properties	2,770	–	4.80% – 5.21%	N/A
Office properties	9,367 ⁽³⁾	4,112	4.40% – 4.56%	4.40%
	<u>12,137</u>	<u>4,112</u>		
United Kingdom				
Office property	3,160 ⁽⁴⁾	3,862	5.41%	5.19%
	<u>3,160</u>	<u>3,862</u>		
Total valuation	<u>234,609</u>	<u>218,247</u>		
Total valuation of investment properties	<u>223,485</u> ⁽⁵⁾	<u>212,761</u> ⁽⁵⁾		

Notes:

- The amount represents the office portion only of The Quayside.
- The amount includes 50% value of Qibao Vanke Plaza.
- The amount includes 49.9% value of the prime office portfolio in Sydney and Melbourne.
- The amount includes two floors of The Cabot occupied by Link in FY22/23.
- The amount excludes two floors of The Quayside & two floors of The Cabot occupied by Link, classified as property, plant and equipment, the 50% value of Qibao Vanke Plaza and the 49.9% value of the prime office portfolio in Sydney and Melbourne.

Capital Management

(Face Value as at 30 September 2022)

Aggressive interest rate hikes by major central banks, heightened geopolitical tensions and COVID-related disruptions continue to weigh on the global economy. The escalation of the Russo-Ukrainian War and the consequent sanctions on Russia have resulted in surging food and energy prices, further driving up global inflation.

US inflation remained elevated, having hit a 40-year high in June, forcing Federal Reserve to raise the benchmark interest rate by 75bps for the fourth consecutive time in November 2022. Further tightening into 2023 is expected as Federal Reserve remains prioritising inflation over economic growth.

Against the backdrop of a further tightening credit environment, Link continued to adhere to its prudent financial management approach and proactively secured low-cost funding via diversified funding sources, maintaining ample financial resources and liquidity for operational needs and strategic acquisitions.

New financing transactions to support portfolio growth

Despite subdued credit market conditions, we have successfully raised a total of HK\$6.7 billion debt in different currencies from different sources, replenishing our liquidity and providing funding for our strategic acquisitions in Australia and Mainland China.

Financing arranged since April 2022

April 2022	A\$462 million bridge loan facility arranged in Australia
April 2022	5-year AUD loan facilities totalled A\$450 million
May 2022	5-year AUD loan facilities totalled A\$150 million
July 2022	5-year CNY loan facilities totalled CNY200 million
October 2022	5-year CNY loan facilities totalled CNY150 million
October 2022	3-year HKD loan facilities totalled HKD970 million
November 2022	CNH300 million 3-year notes at 3.55% p.a.

Strong capital base and liquidity position

- Total debt rose by HK\$4.9 billion to HK\$55.1 billion as at 30 September 2022.
- Gearing ratio increased slightly from 22.0% to 22.7% as at 30 September 2022.

- HK\$13.2 billion undrawn committed facilities and HK\$2.1 billion cash and bank balances as at 30 September 2022.
- Average borrowing cost for the six months ended 30 September 2022 was 2.5%.
- Debt maturity averaged at 3.4 years and was well staggered over the coming 16 years.
- 56.1% of our debt portfolio was maintained at fixed interest rate as at 30 September 2022.

Prudently managed foreign currency exposure

- Our overseas acquisitions and investments (i.e. the Australia and United Kingdom portfolios) are principally funded by local currency borrowings as natural hedges when feasible and cost-effective.
- Distributable income from offshore properties is largely hedged in HKD terms, through foreign currencies forward contracts entered annually.

Persistent value creation for Unitholders

- **Distribution reinvestment scheme:** Provided eligible Unitholders with the option to reinvest in Link units for scrip distributions. In respect of the previous financial year ended 31 March 2022, HK\$258.0 million of the cash distribution was reinvested with approximately 4.0 million new units issued at a unit price of HK\$64.36.
- **Unit buyback:** A total of 6.7 million units were bought back during the period between 1 April 2022 to 7 October 2022, at an average price of HK\$60.70, utilising HK\$408.1 million (including the transaction costs). Link will consider further unit buybacks subject to market conditions and other regulatory requirements.
- **Relevant Investments:** As at 30 September 2022, this investment-grade bond portfolio had a market value of HK\$1.5 billion and generated an average yield of 3.53%.

Credit ratings supported by resilient performance

- Rating agencies acknowledged Link's resilient financial fundamentals, diversification strategy, well-managed capital structure, as well as our cautious approach towards acquisitions.
- Link's credit ratings remain unchanged and have been affirmed at A2/Stable (Moody's), A/Stable (S&P) and A/Stable (Fitch).

Debt Profile Breakdown

(Face Value as at 30 September 2022)

Debt Mix by Types

	<i>HK\$ billion</i>	<i>%</i>
Bank Loans	31.5	57.1%
Medium Term Notes	22.8	41.4%
Convertible Bond	0.8	1.5%
Total	55.1	100.0%

Debt Mix by Fixed/Floating Rates

(After interest rate swap)

	<i>HK\$ billion</i>	<i>%</i>
Fixed	30.9	56.1%
Floating	24.2	43.9%
Total	55.1	100.0%

Debt Mix by Years to Maturity

	<i>HK\$ billion</i>	<i>%</i>
Due in 2022/2023	3.1	5.6%
Due in 2023/2024 and 2024/2025	18.0	32.7%
Due in 2025/2026, 2026/2027 and 2027/2028	27.3	49.5%
Due in 2028/2029 and beyond	6.7	12.2%
Total	55.1	100.0%

Debt Mix by Currencies

(After currency swap)

	<i>HK\$ billion</i>	<i>%</i>
HKD	37.5	68.1%
RMB	5.2	9.4%
AUD	8.9	16.2%
GBP	3.5	6.3%
Total	55.1	100.0%

Strategy Update

Portfolio Growth

Portfolio diversification has been one of the critical drivers of growth for our business. Amid the ongoing market uncertainty, we continue to diversify across geographies and to manage risk. We are prudent and highly selective in screening investments, aiming to reduce concentration risk in a disciplined manner, achieve resilient cash flows and deliver sustainable growth across market cycles. In order to preserve balance sheet amid the interest rate hike, we are not currently pursuing any sizeable acquisitions, and are awaiting repricing and distressed opportunities prudently and selectively. In addition to new investments, we seek capital recycling opportunities to refresh our portfolio's quality and optimise its long-term growth.

Geography

Constructing and maintaining a resilient portfolio has proved crucial in navigating these unprecedented economic conditions. We continue to look for strategic opportunities to expand our portfolio across Asia Pacific. We will maintain our strong position in Hong Kong and foresee an upside from the ongoing economic recovery. We seek to broaden our investable universe across high-tier cities in Mainland China, Australia and Singapore. We are selective in our approach to overseas markets and focus on jurisdictions with well-structured economic systems, favourable regulatory environments and strong liquidity. The longer-term outlook for Mainland China remains promising, while we remain cautious of near-term downside risks. The robust economic outlook for Australia and Singapore gives us particular confidence in these markets. New additions in these geographies provide synergies with our existing operations. Over time, we endeavour to create a diversified portfolio across these markets, enhancing total return and further reducing concentration risk.

Capital Partnerships

We have enhanced our growth pipeline through co-ownership and partial stake investments. These capital partnerships support our diversification efforts and expand our access to new investment opportunities. We seek to leverage our operating partners' local expertise and knowledge when expanding into new markets or sectors. Link's robust balance sheet is a strong supporting factor as we continue to build out our capital partnerships, including external capital, encompassing both existing portfolios and new acquisitions. Collaboration with capital partners also allows us to enjoy the benefits of pooled resources and helps grow our AUM and improve profitability. Capital partners can benefit from our sector expertise, track record and operating efficiency. Hybrid direct management and operating partnerships may support profitability and are aligned with our strategy. We can also support capital partners' growing demand for capital deployment in the Asia Pacific region. However, we are selective in who we partner with, preferring those with a sound reputation, demonstrable experience and alignment with our values and investment approach.

Culture of Excellence

As we execute our strategy of diversification across asset classes, geographies, investment models and capital sources, we review and calibrate our Target Operating Model and strengthen our core competencies.

We have increased our management bandwidth to support portfolio diversification. Several senior executives have been onboarded, and internal talents transitioned into leadership roles, strengthening our investment, merger and acquisition, capital transactions and corporate finance capabilities.

At Link, we nurture a “Learn and Grow” mindset among Linkers utilising self-directed learning. In June 2022, a new digital learning platform was rolled out, providing Linkers flexibility in managing their learning and access to accredited courses offered by top-tier global institutions and focusing on Link’s core competencies, environmental, social and governance, leadership and management skills. We have also revitalised in-person training to complement our virtual learning offerings, which fosters an effective environment for peer-to-peer learning, and drives social interactions to build supportive relationships among Linkers. Furthermore, we offer a one-year tailor-made learning programme to newly-promoted Linkers, equipping them with the skills needed for their new roles. The Summer Internship 2022 provided 40 university students, from diverse backgrounds, the opportunity to participate in a structured eight-week training programme building the skills needed to be future leaders.

Having an engaged and healthy workforce is vital to our business success. We provide Linkers greater ownership by supporting staff-led sports clubs, a family club and a volunteer committee. These groups run an array of sports, engagement, parenting and volunteering activities throughout the year. In July 2022, hiking and running clubs were formed to encourage more Linkers to exercise regularly.

Looking Ahead

Building our bench strength remains central to our strategic priorities. We will continue to facilitate cross-department and cross-location mobility to broaden Linkers’ experience. To address evolving business needs, we will continue to transform our workforce through strategic hires, recruiting diverse talent and upskilling our human capital. As we further diversify across geographies, we will extend our local presence when opportunities arise, leveraging our regional centre set-up experience and expertise. To align our growth strategy with Link’s vision, mission and values, we will continue to refine our organisational culture.

Partnerships for Climate Action

Combating climate change requires broad ecosystem collaboration. In support of the HKSAR Government's efforts, we established a new target to vastly expand our provision of EV chargers; we have pledged by 2024, to increase the number of EV charging points in our Hong Kong properties from 605 to 3,000 across all 15 administrative districts where our parking facilities are located.

Technology Boosts Operational Efficiency

As our portfolio has expanded geographically and into new sectors, our sustainability initiatives have kept pace. At our Beijing Link Plaza•Jing Tong and Link Plaza•ZGC properties, we have upgraded the electrical distribution rooms with intelligent systems that apply big data, cloud computing and Internet of Things (*IoT*) technology, enabling real-time remote monitoring of electricity usage and system performance. This digitalisation project increases data accuracy and will enable us to reduce our energy footprint and lower operating costs. In Hong Kong, an Energy Management Systems (*EMS*) pilot implemented at four sites in 2021/2022 achieved 3% to 5% energy savings by employing predictive data analysis for energy optimisation. With absolute energy reduction an integral part of our Net Zero strategy, we have commenced further rollout of the EMS program and expect to complete installations at 50 additional properties by 2025.

Enhancing Community Health and Wellness

As the extension of the living rooms of the communities we serve, we leverage our properties to enhance community health and wellness and to promote low-carbon living. In August, we hosted our second annual Tour de Link cross-district indoor cycling competition in Hong Kong, championing fitness in the community through our malls. Further, we renewed our support for InspiringHK Sports Foundation via the SportsLINK Community Project. The project aims to build confidence in underprivileged youth in five districts in Hong Kong through professional long-distance running training. Participants will design running routes for their own districts, strengthening their sense of belonging to their community. At our office properties, The Quayside in Hong Kong, where Link's headquarters is located, and also in our Australia portfolio, we have installed end-of-trip facilities, such as bike racks, showers and lockers, promoting green transportation and tenants' health and wellness.

Placemaking for the Community

We recently reopened our newly upgraded Tak Tin Market in Hong Kong, transforming a previously confined space into a brighter and more spacious environment which benefits from natural daylight. Other improvements include wider walkways, refurbished restrooms, slip-resistant flooring and improved air-conditioning. In collaboration with Food Angel, we also introduced an innovative “Food Donation Points Membership Programme” at the market, allowing members to convert membership points into food donations. Building on the success of the five butterfly gardens established at Link’s Hong Kong properties over the past two years, we committed to further expand the project with Environmental Association and will set up three additional gardens to create a territory-wide “stepping stone” habitat to increase biodiversity in the urban area.

OUTLOOK

We recognise the increasing macroeconomic and geopolitical uncertainty present in our operating environment; the intensity and duration of these conditions remain unclear. Inevitably, these uncertainties will affect how we operate and where and what we invest in.

Supported by our resilient, non-discretionary spending base, we are focusing efforts on enhancing organic productivity, creating and capturing further value by improving operating margins through placemaking and sustainability initiatives. At the strategic level, we continue our diversification efforts, particularly in the logistics sector and key overseas markets in Asia Pacific. We remain focused on reinforcing our core strengths, enabling the continued execution of our strategy of diversification in the face of this ongoing uncertainty.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Revenue	4	6,042	5,778
Property operating expenses	6	<u>(1,455)</u>	<u>(1,387)</u>
Net property income		4,587	4,391
General and administrative expenses		(328)	(237)
Change in fair values of investment properties	13	10,853	3,065
Interest income		37	52
Finance costs	7	(604)	(477)
Loss on disposals of financial assets at amortised cost		–	(9)
Share of net profits of joint ventures	14	<u>160</u>	<u>274</u>
Profit before taxation and transactions with Unitholders	8	14,705	7,059
Taxation	10	<u>(688)</u>	<u>(717)</u>
Profit for the period, before transactions with Unitholders		14,017	6,342
Distributions paid to Unitholders		<u>(3,083)</u>	<u>(3,089)</u>
		<u>10,934</u>	<u>3,253</u>
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		7,924	3,649
Amount arising from reserve movements	26	2,986	(450)
Non-controlling interests		<u>24</u>	<u>54</u>
		<u>10,934</u>	<u>3,253</u>
Profit for the period, before transactions with Unitholders attributable to			
– Unitholders (Note)	11	13,993	6,288
– Non-controlling interests		<u>24</u>	<u>54</u>
		<u>14,017</u>	<u>6,342</u>

Note: Earnings per unit, based upon profit for the period, 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 2022

	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 interests (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Six months ended 30 September 2022					
Profit for the period	13,993	(11,007)	2,986	24	3,010
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	518	–	518	–	518
– Exchange reserve	(3,504)	–	(3,504)	(37)	(3,541)
Total comprehensive income for the period	<u>11,007</u>	<u>(11,007)</u>	<u>–</u>	<u>(13)</u>	<u>(13)</u>
Six months ended 30 September 2021					
Profit for the period	6,288	(6,738)	(450)	54	(396)
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	(49)	–	(49)	–	(49)
– Exchange reserve	499	–	499	–	499
Total comprehensive income for the period	<u>6,738</u>	<u>(6,738)</u>	<u>–</u>	<u>54</u>	<u>54</u>

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$3,083 million (2021: HK\$3,089 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, which is an increase of HK\$7,924 million (2021: HK\$3,649 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 the 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. 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 attributable to Unitholders after the transactions with Unitholders is zero.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Profit for the period, before transactions with Unitholders attributable to Unitholders	13,993	6,288
Adjustments:		
– Change in fair values of investment properties attributable to Unitholders	(10,879)	(3,282)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders	84	152
– Change in fair values of derivative component of convertible bonds	–	(26)
– Change in fair values of financial instruments	(70)	(13)
– Depreciation and amortisation of real estate and related assets	30	26
– Loss on disposals of financial assets at amortised cost	–	9
– Other non-cash loss	119	36
Discretionary distribution (<i>Note (i)</i>)	–	146
Total Distributable Amount (<i>Note (i)</i>)	3,277	3,336
Interim distribution for the period, to be paid to the Unitholders (<i>Note (ii)</i>)	3,277	3,336
Distribution per unit for the period (<i>Note (ii)</i>)	HK155.51 cents	HK159.59 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 2022, the Manager has decided to distribute 100% of its distributable income to Unitholders. For the six months ended 30 September 2021, the Manager decided to distribute 100% of its distributable income and a capital return in the form of a discretionary distribution of HK\$146 million, Total Distributable Amount represented 105% of the distributable income of the Group.
- (ii) The interim distribution per unit of HK155.51 cents for the six months ended 30 September 2022 is calculated based on the interim distribution of HK\$3,277 million for the period and 2,107,497,039 units in issue as at the date of the approval of the condensed consolidated interim financial information, without taking into account any subsequent change in the number of units in issue. The interim distribution will be paid to Unitholders on 30 December 2022. The interim distribution per unit of HK159.59 cents for the six months ended 30 September 2021 was calculated based on the interim distribution of HK\$3,336 million for the period and 2,090,637,780 units in issue as at 30 September 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

		30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
	<i>Note</i>		
Assets			
Goodwill	12	381	400
Investment properties	13	223,485	212,761
Interests in joint ventures	14	6,672	3,756
Property, plant and equipment	15	1,501	1,248
Financial assets at amortised cost	16	1,592	2,082
Deposits and prepayments		299	722
Derivative financial instruments	23	1,432	414
Trade and other receivables	17	1,191	1,384
Bank deposits	18	41	170
Cash and cash equivalents	18	2,097	2,779
Total assets		238,691	225,716
Liabilities, excluding net assets attributable to Unitholders			
Deferred tax liabilities		3,469	3,348
Long-term incentive scheme provision	19	94	153
Other liabilities	20	4,165	3,948
Interest bearing liabilities	21	53,281	45,714
Convertible bonds	22	787	4,031
Security deposits		1,877	1,920
Derivative financial instruments	23	932	429
Provision for taxation		728	483
Trade payables, receipts in advance and accruals	24	2,500	2,700
Total liabilities, excluding net assets attributable to Unitholders		67,833	62,726
Non-controlling interests		289	302
Net assets attributable to Unitholders		170,569	162,688
Units in issue	25	2,109,445,039	2,110,193,850
Net assets per unit attributable to Unitholders		HK\$80.86	HK\$77.10

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Unitholders' equity (Unaudited) HK\$'M	Net assets attributable to Unitholders (Unaudited) HK\$'M	Non- controlling interests (Unaudited) HK\$'M
At 1 April 2022		–	162,688	302
Issuance of units under distribution reinvestment scheme		–	258	–
Units bought back for cancellation		–	(301)	–
Profit for the six months ended 30 September 2022, before transactions with Unitholders		–	13,993	24
Distributions paid to Unitholders – 2022 final distribution		–	(3,083)	–
Change in fair values of cash flow hedges	26	511	–	–
Amount transferred to the condensed consolidated income statement	26	7	–	–
Foreign currency translations	26	(3,504)	–	(37)
Amount arising from reserve movements	26	2,986	(2,986)	–
Change in net assets attributable to Unitholders and non-controlling interests for the six months ended 30 September 2022, excluding issues of new units and units bought back		–	7,924	(13)
At 30 September 2022		–	170,569	289
At 1 April 2021		–	158,720	(27)
Issuance of units under distribution reinvestment scheme		–	753	–
Units bought back for cancellation		–	(82)	–
Profit for the six months ended 30 September 2021, before transactions with Unitholders		–	6,288	54
Distributions paid to Unitholders – 2021 final distribution		–	(3,089)	–
Change in fair values of cash flow hedges		(79)	–	–
Amount transferred to the condensed consolidated income statement		30	–	–
Foreign currency translations		499	–	–
Amount arising from reserve movements		(450)	450	–
Change in net assets attributable to Unitholders and non-controlling interest for the six months ended 30 September 2021, excluding issues of new units and units bought back		–	3,649	54
At 30 September 2021		–	163,040	27

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Operating activities		
Net cash generated from operating activities	3,745	3,076
Investing activities		
Acquisition of assets	27 (3,626)	(2,449)
Acquisition of joint ventures	(3,148)	(982)
Additions to investment properties	(1,155)	(437)
Additions to property, plant and equipment	(28)	(8)
Interest income received	49	62
Proceeds from disposal and maturity of financial assets at amortised costs	483	408
Deposits paid for acquisitions of assets	(103)	(66)
Decrease in bank deposits with original maturity of more than three months	126	–
Dividend received from a joint venture	9	–
Net cash used in investing activities	(7,393)	(3,472)
Financing activities		
Proceeds from interest bearing liabilities, net of transaction costs	17,553	7,628
Redemption of convertible bonds	(3,213)	–
Repayment of interest bearing liabilities	(7,846)	(4,131)
Repayment of borrowings acquired in acquisition of assets	–	(713)
Increase in amount due to a joint venture	281	–
Increase in amount due to a non-controlling interest	23	14
Interest expenses paid	(589)	(463)
Payment of lease liabilities	(2)	(2)
Distributions paid to Unitholders	(2,825)	(2,336)
Units bought back for cancellation	(301)	(82)
Net cash generated from/(used in) financing activities	3,081	(85)
Net decrease in cash and cash equivalents	(567)	(481)
Cash and cash equivalents at 1 April	2,779	2,530
Effect on exchange rate changes on cash and cash equivalents	(115)	13
Cash and cash equivalents at 30 September	2,097	2,062

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 Second Amending and Restating Deed entered into on 30 July 2021.

The principal activity of the Group is investing in real estate and may be undertaking property development and related activities in respect of all types of developments. 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 2022 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 2022.

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 2022, except for the adoption of the following new amendments and accounting guidelines issued by the HKICPA, which became effective for the six months ended 30 September 2022.

HKFRS 3, HKAS 16 and HKAS 37 Amendments	Narrow-Scope Amendments
Revised Accounting Guideline 5 Annual Improvements 2018-2020 Cycle	Merger Accounting for Common Control Combinations

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

The following new standards, amendments and interpretations which have been published but are not yet effective, 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 2023.

HKAS 1 Amendments	Classification of Liabilities as Current or Non-current ⁽²⁾
HKAS 1 and HKFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies ⁽¹⁾
HKAS 8 Amendments	Definition of Accounting Estimates ⁽¹⁾
HKAS 12 Amendments	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction ⁽¹⁾
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
HKFRS 17	Insurance Contracts ⁽¹⁾
HKFRS 17 Amendments	Amendments to HKFRS 17 ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽¹⁾

(1) effective for accounting periods beginning on or after 1 January 2023

(2) effective for accounting periods beginning on or after 1 January 2024

(3) no mandatory effective date is determined yet 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.

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

4 Revenue

Revenue recognised during the period comprises:

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Rentals		
– Hong Kong retail and office properties	3,241	3,218
– Hong Kong car parks and related business	1,177	1,042
– Mainland China retail, office and logistics properties	644	646
– Overseas retail and office properties	195	181
Other revenue (<i>Note</i>)	785	691
	<hr/>	<hr/>
Total revenue	6,042	5,778
	<hr/> <hr/>	<hr/> <hr/>

Note: Other revenue includes management fees, air conditioning service fees, promotion levies and miscellaneous revenue.

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$52 million (2021: HK\$51 million) and have been included in the rental income.

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

5 Segment Information

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended					
30 September 2022 (Unaudited)					
Revenue	<u>3,792</u>	<u>1,180</u>	<u>789</u>	<u>281</u>	<u>6,042</u>
Segment results	2,890	953	565	179	4,587
Change in fair values of investment properties	5,929	5,227	(20)	(283)	10,853
Share of net profits of joint ventures	-	-	87	73	160
Corporate expenses					(328)
Interest income					37
Finance costs					(604)
Profit before taxation and transactions with Unitholders					14,705
Taxation					(688)
Profit for the period, before transactions with Unitholders					<u>14,017</u>
Capital additions	1,093	29	798	6,535	8,455
Depreciation	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(3)</u>	<u>(5)</u>

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

5 Segment Information (Continued)

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 30 September 2022 (Unaudited)					
Segment assets	139,593	45,391	31,686	9,643	226,313
Interests in joint ventures	–	–	3,449	3,223	6,672
Unallocated corporate assets					163
Goodwill					381
Financial assets at amortised cost					1,592
Derivative financial instruments					1,432
Bank deposits					41
Cash and cash equivalents					2,097
Total assets					<u>238,691</u>
Segment liabilities	2,825	179	783	137	3,924
Unallocated corporate liabilities					453
Deferred tax liabilities					3,469
Long-term incentive scheme provision					94
Other liabilities					4,165
Interest bearing liabilities					53,281
Convertible bonds					787
Derivative financial instruments					932
Provision for taxation					728
Total liabilities, excluding net assets attributable to Unitholders					<u>67,833</u>
Non-controlling interests					<u>289</u>
Net assets attributable to Unitholders					<u><u>170,569</u></u>

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

5 Segment Information (Continued)

For the six months ended 30 September 2022, revenue of HK\$789 million (2021: HK\$764 million) is attributable to external customers from Mainland China, HK\$4,972 million (2021: HK\$4,769 million) is attributable to external customers from Hong Kong, and HK\$281 million (2021: HK\$245 million) is attributable to external customers from overseas.

As at 30 September 2022, investment properties, interests in joint ventures, property, plant and equipment, and goodwill amounting to HK\$34,931 million (31 March 2022: HK\$38,084 million) are located in Mainland China, HK\$184,386 million (31 March 2022: HK\$172,102 million) are located in Hong Kong, and HK\$12,722 million (31 March 2022: HK\$7,979 million) are located in overseas.

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2021 (Unaudited)					
Revenue	<u>3,722</u>	<u>1,047</u>	<u>764</u>	<u>245</u>	<u>5,778</u>
Segment results	2,825	824	572	170	4,391
Change in fair values of investment properties	1,468	1,288	217	92	3,065
Share of net profit of a joint venture	–	–	274	–	274
Corporate expenses					(237)
Interest income					52
Finance costs					(477)
Loss on disposals of financial assets at amortised cost					(9)
Profit before taxation and transactions with Unitholders					7,059
Taxation					(717)
Profit for the period, before transactions with Unitholders					<u>6,342</u>
Capital additions	<u>176</u>	<u>32</u>	<u>4,026</u>	<u>–</u>	<u>4,234</u>

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

5 Segment Information (Continued)

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 31 March 2022 (Audited)					
Segment assets	132,652	40,127	34,464	8,516	215,759
Interests in a joint venture	—	—	3,756	—	3,756
Unallocated corporate assets					356
Goodwill					400
Financial assets at amortised cost					2,082
Derivative financial instruments					414
Bank deposits					170
Cash and cash equivalents					2,779
Total assets					<u>225,716</u>
Segment liabilities	2,966	221	919	166	4,272
Unallocated corporate liabilities					348
Deferred tax liabilities					3,348
Long-term incentive scheme provision					153
Other liabilities					3,948
Interest bearing liabilities					45,714
Convertible bonds					4,031
Derivative financial instruments					429
Provision for taxation					483
Total liabilities, excluding net assets attributable to Unitholders					<u>62,726</u>
Non-controlling interests					<u>302</u>
Net assets attributable to Unitholders					<u><u>162,688</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

6 Property Operating Expenses

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	349	340
Staff costs	282	271
Repair and maintenance	106	126
Utilities	205	189
Government rent and rates	141	152
Promotion and marketing expenses	95	90
Estate common area costs	56	51
Real estate taxes and land use taxes	64	57
Other property operating expenses	157	111
	1,455	1,387

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

7 Finance Costs

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities	602	371
Interest expenses on convertible bonds (<i>Note 22</i>)	7	62
Other borrowing costs (<i>Note (i)</i>)	56	82
	665	515
Less: capitalised under investment properties (<i>Note (ii)</i>)	(2)	(5)
	663	510
Change in fair values of derivative component of convertible bonds (<i>Note 22</i>)	–	(26)
Fair value gain on non-controlling interest put option obligation (<i>Note 20</i>)	(59)	(7)
	604	477

Notes:

- (i) Other borrowing costs mainly include HK\$43 million (2021: HK\$42 million) interest expenses to a non-controlling interest, HK\$7 million (2021: HK\$30 million) net losses on interest rate swap contracts designated as cash flow hedges, HK\$23 million (2021: HK\$39 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 2.5% (2021: 2.4%) 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):

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Staff costs (<i>Note 9</i>)	457	421
Depreciation of property, plant and equipment	44	41
Trustee's fee	8	8
Valuation fee	2	1
Auditor's remuneration		
Audit and audit-related assurance services	2	1
Bank charges	3	4
Commission to property agents	7	8
Donations	16	15
Exchange gain on financial instruments	(2)	(6)
Short-term lease expenses	4	1
Other legal and professional fees	14	6
	<u> </u>	<u> </u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

9 Staff Costs

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Wages and salaries	476	406
Contributions to mandatory provident fund scheme (<i>Note</i>)	7	7
Long-term incentive scheme awards	14	49
	497	462
Less: capitalised under investment properties	(40)	(41)
Staff costs (<i>Note 8</i>)	457	421

Note: 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% (2021: 16.5%) on the estimated assessable profit for the period. Income taxes in Mainland China and Australia have 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:

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Current taxation		
– Hong Kong	430	418
– Mainland China	71	91
– Australia	9	–
Deferred taxation	178	208
Taxation	688	717

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

	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)
Profit for the period, before transactions with Unitholders attributable to Unitholders for calculating basic earnings per unit	HK\$13,993 million	HK\$6,288 million
Adjustment for dilutive convertible bonds	HK\$6 million	HK\$27 million
Profit for the period, before transactions with Unitholders attributable to Unitholders for calculating diluted earnings per unit	HK\$13,999 million	HK\$6,315 million
Weighted average number of units for the period for calculating basic earnings per unit	2,110,808,353	2,084,598,832
Adjustment for dilutive convertible bonds	7,194,442	36,566,414
Weighted average number of units for the period for calculating diluted earnings per unit	2,118,002,795	2,121,165,246
Basic earnings per unit	HK\$6.63	HK\$3.02
Diluted earnings per unit	HK\$6.61	HK\$2.98

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

12 Goodwill

	Carrying value (Unaudited) <i>HK\$'M</i>
At 1 April 2022	400
Exchange adjustments	<u>(19)</u>
At 30 September 2022	<u><u>381</u></u>

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 2022	212,761	–	212,761
Exchange adjustments (Note (e))	(4,815)	–	(4,815)
Additions	389	766	1,155
Acquisition of assets (Note 27)	3,818	–	3,818
Change in fair values	10,853	–	10,853
Transfer to property, plant and equipment (Note 15)	<u>(287)</u>	<u>–</u>	<u>(287)</u>
At 30 September 2022	<u><u>222,719</u></u>	<u><u>766</u></u>	<u><u>223,485</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13 Investment Properties (Continued)

(b) Valuation Process

The investment properties (including qualified minority-owned properties) were revalued on a market value basis as at 31 March and 30 September 2022 by Colliers International (Hong Kong) Limited (the **Principal Valuer**), 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.

(c) Valuation Techniques

The Principal Valuer has relied on the income capitalisation approach as the primary approach with cross-reference to the direct comparison approach. 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.

Direct comparison approach is based on comparing the property to be valued directly with identical or similar assets for which price information is available. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

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 2022: Level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13 Investment Properties (Continued)

(d) Restriction under the REIT Code

Link acquired a 50% interest in Qibao Vanke Plaza in Shanghai, Happy Valley Shopping Mall in Guangzhou, 75% interests in two logistics properties in Dongguan and Foshan, two car park/car service centres and godown buildings in Hong Kong, a 49.9% interest in a trust which owns prime office properties in Australia, a logistics property in Jiaxing, 50% interests in three retail properties in Sydney and a parcel of commercial-use land off Anderson Road for development, the completions of which were on 2 April 2021, 28 June 2021, 27 October 2021, 31 December 2021, 1 June 2022, 29 June 2022, 1 July 2022 and 31 August 2022 respectively, and the development of the parcel of commercial-use land off Anderson Road was not yet completed as at 30 September 2022. In accordance with the REIT Code, Link is prohibited from disposing of its properties (held through a special purpose vehicle or joint venture entity) 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 approve the proposed disposal by way of a special resolution passed in accordance with the Trust Deed.

(e) Exchange Adjustments

The exchange loss on translation is attributable to the Group's investment properties in Mainland China, Australia and the United Kingdom amounting to HK\$3,603 million, HK\$672 million and HK\$540 million, respectively. These amounts are included in exchange reserve and were partly offset by hedging financial instruments.

(f) Security for the Group's Loan Facilities

As at 30 September 2022, certain of the Group's investment properties in Mainland China and Australia, amounting to approximately HK\$5,097 million (31 March 2022: HK\$4,866 million) and HK\$3,570 million (31 March 2022: HK\$4,112 million) respectively, were pledged to secure the Group's loan facilities totalling HK\$3,318 million (31 March 2022: HK\$3,920 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

14 Interests in Joint Ventures

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Cost of investment in joint ventures	6,732	3,252
Share of post-acquisition results and other comprehensive income	(51)	504
Dividend received	(9)	–
	<u>6,672</u>	<u>3,756</u>

On 9 February 2022, Link, through a wholly-owned subsidiary, entered into an unit sale agreement to acquire 49.9% of fully-paid ordinary units of AOFI I Trust at an adjusted cash consideration of A\$605 million (equivalent to approximately HK\$3,403 million). Link incurred acquisition-related transaction costs of HK\$77 million. AOFI I Trust owns interests in five prime office properties located in central business districts in Sydney and Melbourne respectively in Australia. The transaction was completed on 1 June 2022.

The Group's interests in joint ventures amounting to HK\$6,672 million as at 30 September 2022 are accounted for using the equity method in the condensed consolidated interim financial information.

The financial information related to the Group's share of joint ventures is as follows:

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Share of net profits	160	274
Share of net property income	163	94
	<u>163</u>	<u>94</u>

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

14 Interests in Joint Ventures (Continued)

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Share of investment properties carried at fair value	<u>9,629</u>	<u>4,240</u>

15 Property, Plant and Equipment

	Land, building and leasehold improvements (Unaudited) HK\$'M	Right-of-use assets (Unaudited) HK\$'M	Motor vehicles (Unaudited) HK\$'M	Equipment (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2022	1,151	5	-	92	1,248
Exchange adjustments	(35)	(1)	-	(1)	(37)
Additions	10	19	-	18	47
Transfer from investment properties (<i>Note 13</i>)	287	-	-	-	287
Depreciation charge for the period	(29)	(1)	-	(14)	(44)
At 30 September 2022	<u>1,384</u>	<u>22</u>	<u>-</u>	<u>95</u>	<u>1,501</u>
At 30 September 2022					
Cost	1,575	23	6	211	1,815
Accumulated depreciation	(191)	(1)	(6)	(116)	(314)
Net book value	<u>1,384</u>	<u>22</u>	<u>-</u>	<u>95</u>	<u>1,501</u>

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

16 Financial Assets at Amortised Cost

Financial assets at amortised cost include the following debt investments:

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Listed corporate bonds	1,562	2,052
Unlisted corporate bonds	<u>30</u>	<u>30</u>
	<u>1,592</u>	<u>2,082</u>

During the period, the Group has interest income arising from financial assets at amortised cost amounted to HK\$28 million (2021: HK\$42 million). The carrying amounts of the financial assets at amortised cost are expected to be recovered as below:

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Within one year	599	890
After one year	<u>993</u>	<u>1,192</u>
	<u>1,592</u>	<u>2,082</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

17 Trade and Other Receivables

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Trade receivables	352	329
Less: provision for impairment of trade receivables	(87)	(59)
Trade receivables – net	265	270
Other receivables	926	1,114
	<u>1,191</u>	<u>1,384</u>

The carrying amounts of these receivables approximate their fair values and are expected to be mostly recovered within one year.

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

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

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
0–30 days	172	216
31–90 days	59	61
Over 90 days	121	52
	<u>352</u>	<u>329</u>

Monthly rentals 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)

18 Cash and Cash Equivalents and Bank Deposits

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Cash at bank	1,668	1,584
Bank deposits with original maturity of less than three months	429	1,195
	2,097	2,779
Bank deposits with original maturity of more than three months	41	170
	2,138	2,949

The carrying amounts of cash and cash equivalents and bank deposits are expected to be recovered within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

19 Long-term Incentive Scheme Provision

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Long-term incentive scheme provision		
– expected to be settled within one year	63	72
– expected to be settled after one year	31	81
	94	153

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 number of units to be purchased in each grantee's favour upon vesting are linked to the performance of Link based on the total Unitholders return, net property income 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, catch-up adjustments and ex-gratia payments pursuant to the 2017 LTI Scheme, if applicable.

During the period, the Group purchased 1,051,429 units (2021: 264,634 units) from the 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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

19 Long-term Incentive Scheme Provision (Continued)

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

Date of grant	Vesting period	Outstanding as at 1 April 2022	Granted during the period	Vested during the period ^(iv)	Lapsed during the period	Outstanding as at 30 September 2022	Maximum to be vested on vesting date ^(v)
2017 LTI Scheme							
5 July 2019	5 July 2019 to 30 June 2022	464,404	–	(242,243)	(222,161)	–	–
29 July 2020	29 July 2020 to 30 June 2023 ⁽ⁱ⁾	1,537,798	–	(768,899)	(9,245)	759,654	759,654
7 July 2021	7 July 2021 to 30 June 2024 ⁽ⁱ⁾	1,194,879	–	–	(39,300)	1,155,579	1,934,420 ^(vi)
2 June 2022	2 June 2022 to 1 June 2024 ⁽ⁱⁱ⁾	–	79,862	–	–	79,862	79,862
4 July 2022	4 July 2022 to 3 July 2025 ⁽ⁱⁱⁱ⁾	–	27,663	–	–	27,663	27,663
11 July 2022	11 July 2022 to 30 June 2025 ⁽ⁱ⁾	–	1,595,003	–	(1,500)	1,593,503	2,632,681 ^(vi)
Total		<u>3,197,081</u>	<u>1,702,528</u>	<u>(1,011,142)</u>	<u>(272,206)</u>	<u>3,616,261</u>	<u>5,434,280</u>

Notes:

- (i) The restricted unit awards are vested in two equal tranches on 30 June of the second year and 30 June of the third year after the grant.
- (ii) The restricted unit awards are vested in two equal tranches on the first and second anniversary of the date of grant.
- (iii) The restricted unit awards are vested in two equal tranches on the second and third anniversary of the date of grant.
- (iv) Restricted unit award vesting percentages during the period ranged from 0% to 100%.
- (v) If certain vesting conditions are met.
- (vi) Additional units beyond these amounts are subject to approval of the Remuneration Committee of the Manager.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

20 Other Liabilities

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Amount due to a non-controlling interest	3,873	3,862
Amount due to a joint venture	265	–
Non-controlling interest put option obligation	27	86
	<u>4,165</u>	<u>3,948</u>

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 a non-controlling interest is unsecured, interest bearing at an effective interest rate of 2.5% (31 March 2022: 2.3%), and has no fixed repayment term. Such amount including any accrued interest will be repaid from the Project Company's surplus cash after meeting its payment obligations.
- (ii) The amount due to a joint venture is denominated in Renminbi, unsecured, interest bearing at an effective interest rate of 3.8% per annum and expected to be settled after one year.
- (iii) 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 issuance of the Certificate of Compliance for 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 2022: 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)**

20 Other Liabilities (Continued)

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

	Fair value (Unaudited) HK\$'M
At 1 April 2022	86
Recognised in the condensed consolidated income statement:	
– Fair value gain (<i>Note 7</i>)	(59)
At 30 September 2022	<u>27</u>

21 Interest Bearing Liabilities

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Unsecured bank borrowings	28,033	18,633
Secured bank borrowings	3,318	3,920
Medium term notes	21,930	23,161
	<u>53,281</u>	<u>45,714</u>

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

21 Interest Bearing Liabilities (Continued)

The carrying amounts of interest bearing liabilities are expected to be settled as below:

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Due in the first year		
Unsecured bank borrowings	11,071	4,297
Secured bank borrowings	185	209
Medium term notes	700	1,229
	<u>11,956</u>	<u>5,735</u>
Due in the second year		
Unsecured bank borrowings	595	8,205
Secured bank borrowings	248	215
Medium term notes	5,550	–
	<u>6,393</u>	<u>8,420</u>
Due in the third year		
Unsecured bank borrowings	4,810	1,635
Secured bank borrowings	2,398	174
Medium term notes	1,838	6,624
	<u>9,046</u>	<u>8,433</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

21 Interest Bearing Liabilities (Continued)

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Due in the fourth year		
Unsecured bank borrowings	3,716	3,005
Secured bank borrowings	151	2,755
Medium term notes	5,424	1,877
	<u>9,291</u>	<u>7,637</u>
Due in the fifth year		
Unsecured bank borrowings	7,841	1,491
Secured bank borrowings	236	157
Medium term notes	1,790	6,014
	<u>9,867</u>	<u>7,662</u>
Due beyond the fifth year		
Secured bank borrowings	100	410
Medium term notes	6,628	7,417
	<u>6,728</u>	<u>7,827</u>
	<u>53,281</u>	<u>45,714</u>

Notes:

- (i) After taking into account the cross currency swap contracts, except for bank borrowings of HK\$5,154 million (31 March 2022: HK\$5,625 million), HK\$8,887 million (31 March 2022: HK\$3,996 million) and HK\$3,452 million (31 March 2022: HK\$3,759 million) which are denominated in Renminbi, Australian Dollars and British Pound Sterling respectively, all the other interest bearing liabilities are denominated in Hong Kong Dollars.
- (ii) After taking into account the cross currency swap contracts and interest rate swap contracts, the effective interest rate of the interest bearing liabilities which are denominated in Hong Kong Dollars as at 30 September 2022 was 2.92% (31 March 2022: 2.21%) and that of the interest bearing liabilities which are denominated in Renminbi, Australian Dollars and British Pound Sterling was 3.62% (31 March 2022: 3.68%), 3.59% (31 March 2022: 1.13%) and 1.87% (31 March 2022: 1.44%) respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

22 Convertible Bonds

On 3 April 2019, the Group issued HK\$4 billion convertible bonds at 1.60% 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 bondholder. Link has the option to redeem the bonds if the closing price of the units is 130% or above the initial conversion price while bondholders have the right to require Link to redeem all or some only of the bonds on 3 April 2022. On 4 April 2022, the Group has, at the option of the bondholders, redeemed and cancelled part of the bonds at an aggregate principal amount of HK\$3.213 billion representing approximately 80.3% of the initial principal amount of the bonds, together with interest accrued up to the date fixed for redemption but unpaid.

As at 30 September 2022, the convertible bonds are unsecured. The effective interest rate of the convertible bonds at the reporting date was 1.60% (31 March 2022: 3.12%).

	Carrying value (Unaudited) HK\$'M
Liability component	
At 1 April 2022	4,031
Finance costs (<i>Note 7</i>)	7
Interest expenses paid	(38)
Redemption	(3,213)
	<hr/>
At 30 September 2022	787
	<hr style="border-top: 1px dashed black;"/>
Derivative component	
At 1 April 2022	–
Change in fair value (<i>Note 7</i>)	–
	<hr/>
At 30 September 2022	–
	<hr style="border-top: 1px dashed black;"/>
	<hr style="border-top: 3px double black;"/>
	787

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

23 Derivative Financial Instruments

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Derivative assets		
Designated as cash flow hedge		
– interest rate swap contracts	922	404
Designated as fair value hedge		
– cross currency swap contracts	21	9
Designated as net investment hedge		
– cross currency swap contracts	152	–
Not designated as hedging instruments		
– cross currency swap contracts	280	–
– forward foreign exchange contracts	57	1
	<u>1,432</u>	<u>414</u>
Derivative liabilities		
Designated as fair value hedge		
– cross currency swap contracts	(733)	(241)
– interest rate swap contracts	(28)	(7)
Designated as net investment hedge		
– cross currency swap contracts	–	(93)
Not designated as hedging instruments		
– cross currency swap contract	(171)	(81)
– forward foreign exchange contracts	–	(7)
	<u>(932)</u>	<u>(429)</u>
Net derivative assets/(liabilities)	<u>500</u>	<u>(15)</u>

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. The fair values of forward foreign exchange contracts are determined using forward exchange market rates at each reporting date. Cross currency swap contracts, interest rate swap contracts and forward foreign exchange contracts are included in Level 2 (31 March 2022: Level 2) of the fair value hierarchy. During the six months ended 30 September 2021 and 2022, there were no transfers between the three levels of the fair value hierarchy.

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

23 Derivative Financial Instruments (Continued)

The carrying amounts of net derivative assets/(liabilities) are expected to be settled as below:

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Within one year	57	–
After one year	443	(15)
	500	(15)

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. 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. Any change in fair values of the cross currency swap contracts and forward foreign exchange contracts that are not designated for hedge accounting are recognised directly in the condensed consolidated income statement. A net amount of HK\$518 million (2021: HK\$49 million debited) had been credited to the hedging reserve during the period as further set out in Note 26.

As at 30 September 2022, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 3.35 years on HK\$13,998 million borrowings (31 March 2022: 3.53 years on HK\$10,048 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 2022 were HK\$13,998 million (31 March 2022: HK\$10,048 million) and 1.41% (31 March 2022: 0.73%) respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

23 Derivative Financial Instruments (Continued)

As at 30 September 2022, 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 2022 were HK\$12,431 million (31 March 2022: HK\$12,431 million) and HK\$400 million (31 March 2022: HK\$400 million) respectively.

Gains and losses on interest rate swap contracts recognised in the hedging reserve (Note 26) as at 30 September 2022 will be released to the condensed consolidated income statement when the relevant hedged item affects profit or loss.

As at 30 September 2022, the derivative financial instruments qualifying as net investment hedges have, in effect, converted part of the Group's net investment in Mainland China attributable to changes in the HK\$/RMB spot rate. The notional principal amounts of the outstanding cross currency swap contracts qualifying as net investment hedges as at 30 September 2022 was HK\$2,276 million (31 March 2022: HK\$2,276 million).

As at 30 September 2022, the Group has outstanding cross currency swap contracts that are not designated for hedge accounting and the notional principal amounts were HK\$4,148 million (31 March 2022: HK\$4,148 million).

As at 30 September 2022, the Group has outstanding forward foreign exchange contracts of selling RMB401 million (31 March 2022: RMB803 million), A\$17 million (31 March 2022: A\$33 million) and GBP5 million (31 March 2022: GBP10 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, Australian Dollars denominated net income in Australia, and British Pound Sterling denominated net income in the United Kingdom in Hong Kong Dollars term, and are not designated for hedge accounting.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

24 Trade Payables, Receipts in Advance and Accruals

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Trade payables	79	104
Receipts in advance	490	522
Accruals	1,931	2,074
	<u>2,500</u>	<u>2,700</u>

The carrying amounts of these payables approximate their fair values and are expected to be settled as below:

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Within one year	2,480	2,695
After one year	20	5
	<u>2,500</u>	<u>2,700</u>

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

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
0–30 days	44	65
31–90 days	15	6
Over 90 days	20	33
	<u>79</u>	<u>104</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

25 Units in Issue

Number of units
(Unaudited)

At 1 April 2022	2,110,193,850
Units bought back for cancellation	(4,758,400)
Units issued under distribution reinvestment scheme	<u>4,009,589</u>

At 30 September 2022 **2,109,445,039**

Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Link) bought back a total of 6,706,400 units (2021: 1,264,000 units) at an aggregate price of HK\$407 million (2021: HK\$82 million), out of which, 4,758,400 units were cancelled during the period and the remaining 1,948,000 units were cancelled in October 2022.

During the six months ended 30 September 2022, the Manager issued and allotted 4,009,589 units in total pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2022.

Closing price of the units as at 30 September 2022 was HK\$54.90 (31 March 2022: HK\$67.00) per unit. Based on 2,109,445,039 units in issue as at 30 September 2022 (31 March 2022: 2,110,193,850 units), market capitalisation was HK\$115,809 million (31 March 2022: HK\$141,383 million).

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

26 Unitholders' Equity

	Hedging reserve (Unaudited) <i>HK\$'M</i>	Exchange reserve (Unaudited) <i>HK\$'M</i>	Earnings retained for reserve adjustments (Unaudited) <i>HK\$'M</i>	Total (Unaudited) <i>HK\$'M</i>
At 1 April 2022	404	1,167	(1,571)	–
Cash flow hedges:				
– Change in fair values	511	–	–	511
– Amount transferred to the condensed consolidated income statement (<i>Note (i)</i>)	7	–	–	7
	518	–	–	518
Foreign currency translations:				
– Exchange loss on translation of financial statements	–	(4,089)	–	(4,089)
– Change in fair value of net investment hedges	–	585	–	585
	–	(3,504)	–	(3,504)
Net assets attributable to Unitholders:				
– Amount arising from reserve movements (<i>Note (ii)</i>)	–	–	2,986	2,986
At 30 September 2022	922	(2,337)	1,415	–

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 reserve movements.

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

27 Acquisition of Assets

On 5 November 2021, Link, through its wholly-owned subsidiaries, entered into contracts of sale, to acquire 50% interests in freehold and leasehold interests in three retail properties in Sydney (namely Queen Victoria Building (**QVB**), The Galleries and The Strand Arcade) at an aggregate cash consideration (before completion adjustments) of approximately A\$538 million (equivalent to approximately HK\$2,877 million). Link incurred acquisition-related transaction costs of HK\$177 million. The transactions were completed on 1 July 2022, Link becomes 50% tenant in common in QVB, The Galleries and The Strand Arcade. QVB, The Galleries and The Strand Arcade are located at 429-481, 500 and 412-414A George Street, Sydney New South Wales 2000, respectively.

On 12 May 2022, Link, through a wholly-owned subsidiary, entered into an equity transfer agreement to acquire the entire registered capital of 嘉興大恩供應鏈管理有限公司 at a cash consideration (before completion adjustments) of RMB493 million (equivalent to approximately HK\$578 million). Link incurred acquisition-related transaction costs of HK\$4 million in total. The transaction was completed on 29 June 2022. 嘉興大恩供應鏈管理有限公司 owns the logistics property located at No. 669 Sheng'an Road, Xiuzhou District, Jiaying.

The acquisitions have been accounted for by the Group as acquisitions of assets as the entities acquired by the Group do not constitute a business.

The assets and liabilities arising from the acquisition are as follows:

	50% interests in three retail properties in Sydney (Unaudited) HK\$'M	Logistics property (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Investment properties (<i>Note 13</i>)	3,054	764	3,818
Cash and cash equivalents	–	10	10
Other net current liabilities	–	(2)	(2)
Bank borrowings	–	(190)	(190)
	<hr/>	<hr/>	<hr/>
Purchase consideration	3,054	582	3,636
Cash and cash equivalents acquired	–	(10)	(10)
	<hr/>	<hr/>	<hr/>
Cash outflow on acquisitions	3,054	572	3,626

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

28 Capital Commitments

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Capital expenditure of investment properties contracted but not provided for at the end of the period	<u>1,066</u>	<u>3,568</u>

29 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 2022:

Connected/related party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited (the Trustee)	The Trustee of Link
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the HSBC Group)	Associates# of the Trustee
Aedas Limited and Aedas Beijing Limited	Associates# of director

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

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

29 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(b) Significant Transactions with Connected/Related Parties

The following significant transactions recognised under HKFRSs were carried out with connected/related parties:

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Trustee's fee paid and payable to the Trustee <i>(Note (ii))</i>	(8)	(8)
Transactions with the HSBC Group <i>(Note (iii) and (iv))</i>		
Interest expense and various financing charges to the HSBC Group on interest bearing liabilities, cross currency swap contracts and interest rate swap contracts	(33)	(24)
Rental income from the HSBC Group on leasing of retail units	18	18
Interest income from the HSBC Group on bank deposits	3	9
Architectural/renovation consultancy services fees paid and payable to Aedas Limited and Aedas Beijing Limited <i>(Notes (iii) and (v))</i>	(2)	(2)
Interest expense to a joint venture <i>(Note (iii))</i>	(4)	–
	<u><u>(4)</u></u>	<u><u>–</u></u>

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

29 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(b) Significant Transactions with Connected/Related Parties (Continued)

Notes:

- (i) All connected/related 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 0.006% per annum to 0.015% per annum (2021: 0.006% per annum to 0.015% 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 and in compliance with Link's procurement policy.
- (iv) HSBC Group and the Trustee are members of the same group and HSBC Group is considered as a related party of the Group.
- (v) Aedas Limited and Aedas Beijing Limited are associates of Mr Ian Keith GRIFFITHS.

(c) Significant Balances with Related Parties

Significant balances with related parties are set out below:

	30 September 2022 (Unaudited) HK\$'M	31 March 2022 (Audited) HK\$'M
Trustee's fee payable to the Trustee	(3)	(1)
Interest bearing liabilities with the HSBC Group	(2,511)	(1,359)
Net interest (payable)/receivable from the HSBC Group	(3)	2
Security deposits from the HSBC Group	(3)	(3)
Cross currency swap contracts and interest rate swap contracts with the HSBC Group	126	(2)
Deposits placed with the HSBC Group	1,249	1,117
Architectural/renovation consultancy services fees payable to Aedas Limited and Aedas Beijing Limited	-	(1)
Amount due to a joint venture	(265)	-

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

29 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:

	Six months ended 30 September 2022 (Unaudited) HK\$'M	Six months ended 30 September 2021 (Unaudited) HK\$'M
Fees	5	5
Basic salaries, allowances and other benefits	120	102
Long-term incentive scheme awards	11	40
	136	147

30 Qualified Minority-owned Properties

Link held the following qualified minority-owned properties as at 30 September 2022:

Property	Location	Usage	Dividend received during the period	Interest held
Qibao Vanke Plaza	Shanghai, Mainland China	Retail property for rental income	Nil	50%
Queen Victoria Building	Sydney, Australia	Retail property for rental income	Nil	50%
The Galleries	Sydney, Australia	Retail property for rental income	Nil	50%
The Strand Arcade	Sydney, Australia	Retail property for rental income	Nil	50%

31 Approval of the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was authorised for issue by the Board on 9 November 2022.

APPRECIATION

The Board would like to thank the management team and all staff for their professionalism, commitment and contribution. Without their skills and dedicated service, Link would not have secured the support and loyalty of our tenants and the communities that we serve. The Board also wishes to extend its appreciation to all of our customers and shoppers, tenants, suppliers, Unitholders and regulators alike 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 2022, have been reviewed by the Audit and Risk Management Committee. The condensed consolidated interim financial information has also been reviewed by PricewaterhouseCoopers, Link's external 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.

AMENDMENTS TO THE COMPLIANCE MANUAL

On 1 April 2022, the Manager's compliance manual (the **Compliance Manual**) was updated to (i) reflect the amendments to the Corporate Governance Code (the **CG Code**) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**); (ii) incorporate the updated terms of reference of the board committees; and (iii) reflect the latest business practices and operations of Link (including the Manager).

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2022, Link and the Manager complied with the Code on Real Estate Investment Trusts, the Securities and Futures Ordinance, applicable provisions of the Listing Rules, Link's trust deed (the **Trust Deed**) and, in all material respects, the Compliance Manual. Link and the Manager also applied the principles and to the extent appropriate, complied with, the code provisions in the CG Code throughout the period, save and except code provision B.2.2. The Manager considers that a rigid application of code provision B.2.2 to our executive directors is not in the best interests of the Unitholders. Business continuity and longevity at the most senior levels of management work for the long-term benefit of Link. Frequent re-shuffles of the executive directorate, absent the anchor of a controlling Unitholder, may promote "short-termism". Any risk of entrenchment in office is counter-balanced by an overwhelming majority of independent non-executive directors on our Board, who have the collective power (and the Unitholders also have the same power under the Trust Deed) to remove a recalcitrant executive director of the Manager.

The corporate governance policy and practices adopted for the six months ended 30 September 2022 remained in line with those in place for the financial year ended 31 March 2022, as disclosed in the corporate governance report in Annual Report 2021/2022 of Link. Further details will be set out in the Interim Report 2022/2023 of Link.

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

Buy-back of Listed Units

During the period under review, the Manager (on behalf of Link) bought back a total of 5,944,400 units on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**) at an aggregate consideration (excluding expenses) of approximately HK\$365.25 million, out of which, 4,758,400 units were cancelled prior to the end of the period under review, the remaining units were subsequently cancelled on 18 October 2022. As at 30 September 2022, the total number of units in issue was 2,109,445,039. 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\$	
2022				
July	2,007,900	65.00	63.25	129.23
August	319,700	66.35	65.05	21.10
September	3,616,800	62.95	54.05	214.92

Subsequent to 30 September 2022, the Manager bought back a total of 762,000 units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK\$41.85 million, which were subsequently cancelled on 18 October 2022. As at the date of this announcement, the total number of units in issue was 2,107,497,039. 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\$	
2022				
October	762,000	55.70	54.60	41.85

Redemption of Convertible Bonds

On 3 April 2019, Link CB Limited (formerly known as Link 2019 CB Limited), a wholly-owned SPV of Link, issued HK\$4,000,000,000 1.60% guaranteed green convertible bonds due 2024 (the **Convertible Bonds**). On 4 April 2022, Link CB Limited, at the option of the bondholders, redeemed part of the Convertible Bonds at an aggregate principal amount of HK\$3,213,000,000 (the **Redeemed Bonds**), representing approximately 80.33% of the initial principal amount of the Convertible Bonds, together with interest accrued up to the date fixed for redemption but unpaid. All the Redeemed Bonds had been cancelled. As at 30 September 2022, the remaining aggregate outstanding principal amount of the Convertible Bonds is HK\$787,000,000, representing approximately 19.67% of the initial principal amount of the Convertible Bonds. Based on the initial conversion price of HK\$109.39 per unit, the number of new units to be issued upon full conversion of the remaining Convertible Bonds is approximately 7,194,441 units.

Save as disclosed above, neither the Manager nor any of Link's subsidiaries bought back, sold or redeemed any of Link's listed securities during the period under review.

ISSUE OF NEW UNITS

During the period under review, 4,009,589 new units of Link were issued to eligible Unitholders at an issue price of HK\$64.357 per unit pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2022 for the retention of cash for corporate uses. Based on 2,109,445,039 units in issue as at 30 September 2022, the number of new units issued during the period under review represented approximately 0.19% 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 HK155.51 cents per unit for the six months ended 30 September 2022, will be paid on Friday, 30 December 2022 to those Unitholders whose names appear on the register of Unitholders of Link on Thursday, 24 November 2022. For the purpose of ascertaining Unitholders' entitlement to the interim distribution, the register of Unitholders of Link will be closed from Wednesday, 23 November 2022 to Thursday, 24 November 2022, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders 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 Tuesday, 22 November 2022.

DISTRIBUTION REINVESTMENT SCHEME

A distribution reinvestment scheme will be available to eligible Unitholders, who may elect to receive the interim distribution for the six months ended 30 September 2022, wholly in cash or wholly in new units or a combination of both. An announcement giving further information of this scheme will be published on or around Thursday, 24 November 2022, and a circular containing details of this scheme together with the relevant election form or revocation notice will be despatched to Unitholders on or around Thursday, 1 December 2022.

DESPATCH OF INTERIM REPORT 2022/2023

The Interim Report 2022/2023 of Link will be available on the websites of the Stock Exchange and Link and be despatched to Unitholders on or around Thursday, 1 December 2022.

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

Hong Kong, 9 November 2022

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

Jenny GU Jialin

Lincoln LEONG Kwok Kuen

Blair Chilton PICKERELL

Poh Lee TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling