



The Link Real Estate Investment Trust
Stock Code : 823

Link Sustainability with Everything We Do

Annual Results Presentation
2013/2014

4 June 2014



Vision

To be a world class real estate investor and manager
serving and improving the lives of those around us

Mission

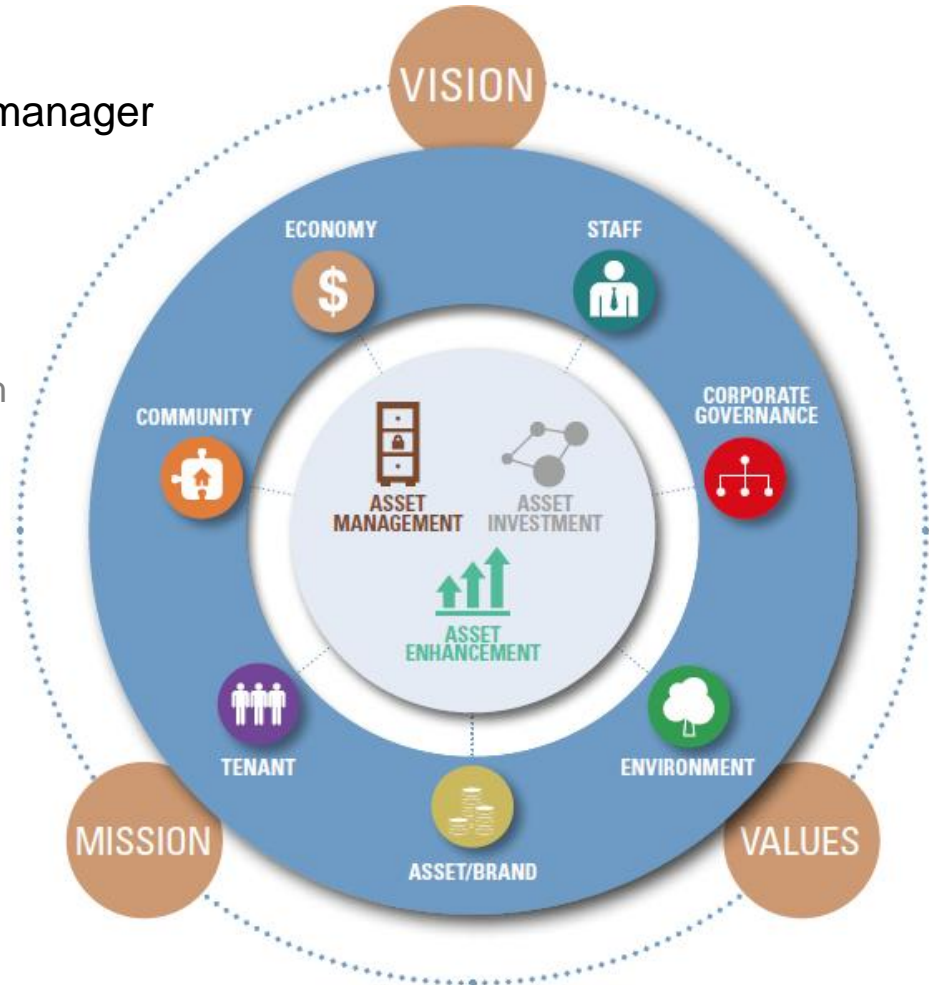
Building relationships with our stakeholders through

- Providing value and quality service
- Partnering with local communities
- Delivering sustainable growth

Values

Managing and operating our business with

- Respect
- Excellence
- Integrity
- Teamwork



2013/2014 Highlights

Key Achievements towards a Sustainable Business

Strong financial performance

Continuous growth in performance since IPO

Staff engagement

Achieved 48% participation rate in EUPP as at 31 Mar 2014 and over 80% retention

The Link Together Initiatives

10 community projects in 14 districts across Hong Kong with donations of HK\$10.4m

Introduction of new tenants

35 new tenants joining our portfolio

Appointment of new independent director

Further improved Board diversity

Enhancement in environmental measures

7.8% reduction in energy consumption compared to last year

35 asset enhancement projects completed

Produced satisfactory ROI



Financial Highlights

For the year ended 31 March 2014



Revenue

HK\$7,155M
+10.0% yoy

Net property income

HK\$5,202M
+12.7% yoy

DPU

HK165.74 cents
+13.2% yoy

NAV per unit

HK\$41.69
+16.8% yoy

Occupancy

94.4%
+0.3ppts yoy

Average monthly unit rent

HK\$42.1psf
+9.6% yoy

Refine
tenant mix

Improve
service
standards

Introduce
innovative
marketing
campaigns

Support
tenants' sales

Selected Newly Joined Tenants



聯邦皇宮
Federal Palace

wishh!

老行家

爭鮮
回轉壽司
SUSHI EXPRESS

Selected Existing Tenants Expanding in Our Portfolio

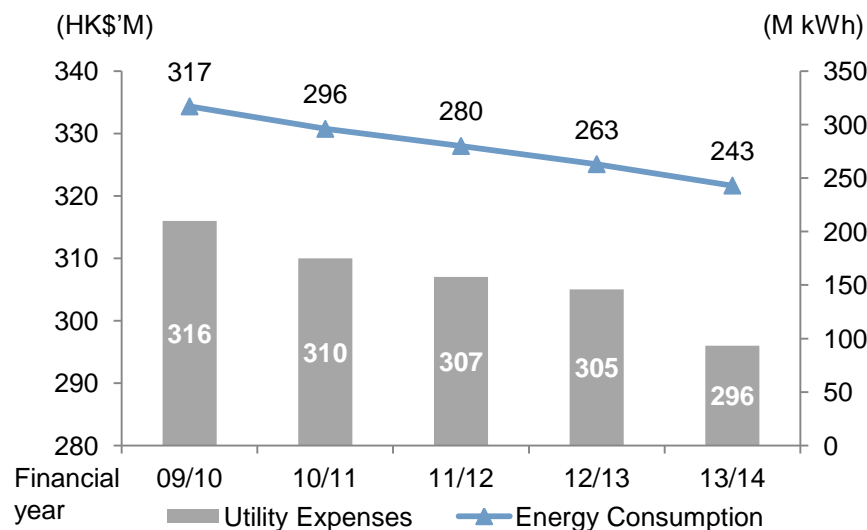
FOOTSPOT.



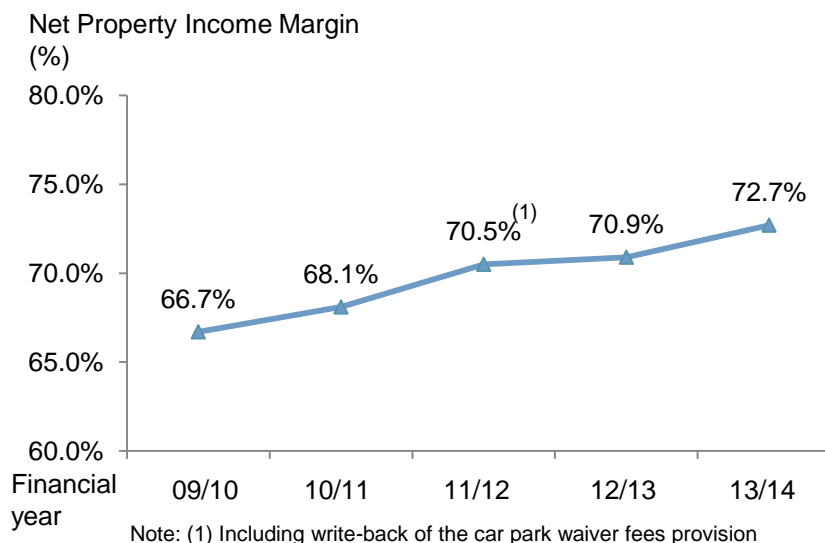
Sasa 莎莎

Active asset management to deliver sustainable growth

Well-controlled Utilities Expense



Continuous Margin Improvement



Energy Management Program

- Energy saving initiatives vision of 20/20 achieved in FY13/14
- Set new energy saving target of reducing energy use by 30% by 2020

Building Management System

- Improve operational efficiency and reduce energy consumption
- Will expand to control and manage all electrical-related features

Asset Enhancement – Projects Completed and Underway

Completed projects 2013/14 Total CAPEX: HK\$724m



Chung Fu ⁽³⁾
ROI: 16.8%
CAPEX:
HK\$170M

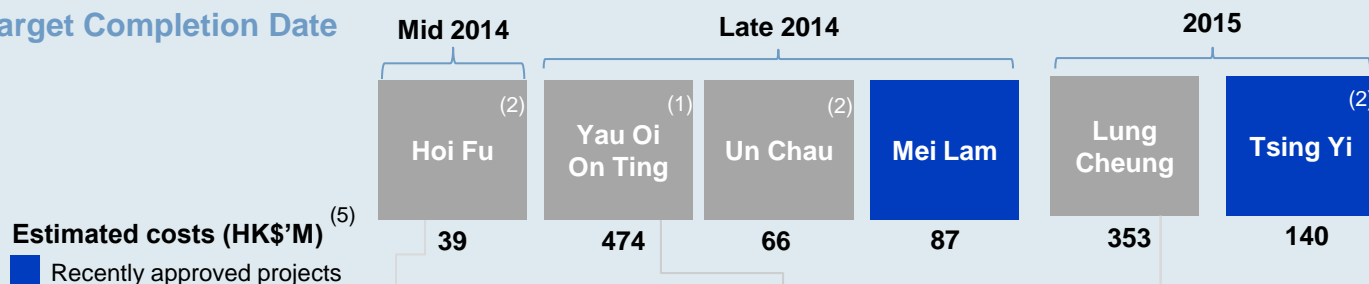
Sheung Tak ⁽³⁾
ROI: 23.6%
CAPEX:
HK\$87M

Lok Fu Market ⁽¹⁾⁽³⁾
ROI: 17.2%
CAPEX:
HK\$120M

Choi Wan
ROI: 16.7%
CAPEX:
HK\$222M

Sha Kok ⁽¹⁾
ROI: 17.0%
CAPEX:
HK\$125M

Projects underway – Target Completion Date



Notes:

- (1) Projects include a fresh market upgrade
- (2) Properties ranked outside of top 50 by valuation
- (3) Property ranked amongst top 10 by valuation
- (4) Estimated return on investment ("ROI") is calculated based on projected net property income post project minus net property income pre project divided by estimated project capital expenditures and loss of rental
- (5) Estimated figures as at 31 March 2014

Objectives

Improves the local community

Accelerate the transformation in a sustainable way

Pioneer in revitalising the fresh market

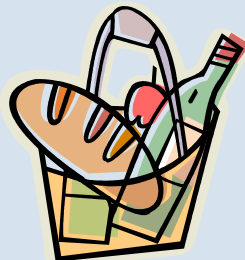
Establish a unique brand identity for The Link REIT's fresh markets

Featured Fresh Market Asset Enhancement



Appealing design to attract shoppers

Lower stalls for better display and visibility



Asset Enhancement – Lung Cheung Plaza



Major improvements

Unify Lung Cheung Plaza and the adjacent Wong Tai Sin Plaza into one single shopping centre

Create a new identity for the unified shopping centre

Increase visibility and identification

Enrich tenant mix

Upgrade of previously renovated property to further unlock growth potential

Investment Thesis

- District strategy
- Further upgrade of assets
- Fresh market strategy
- Beyond top 50 properties

Status of Asset Enhancement Projects

	Completion Date	Target Completion Date					
	On or before 31 March 2014	2014	2015	2016	2017	2018	2019
Completed since IPO	35 projects (HK\$3,402m)						
Underway		7 projects (HK\$1,159m) ⁽¹⁾					
Pending Statutory Approval			7 projects (HK\$1,362m) ⁽¹⁾				
Others Under Planning				>13 projects (>HK\$1,600m) ⁽¹⁾			

Note:

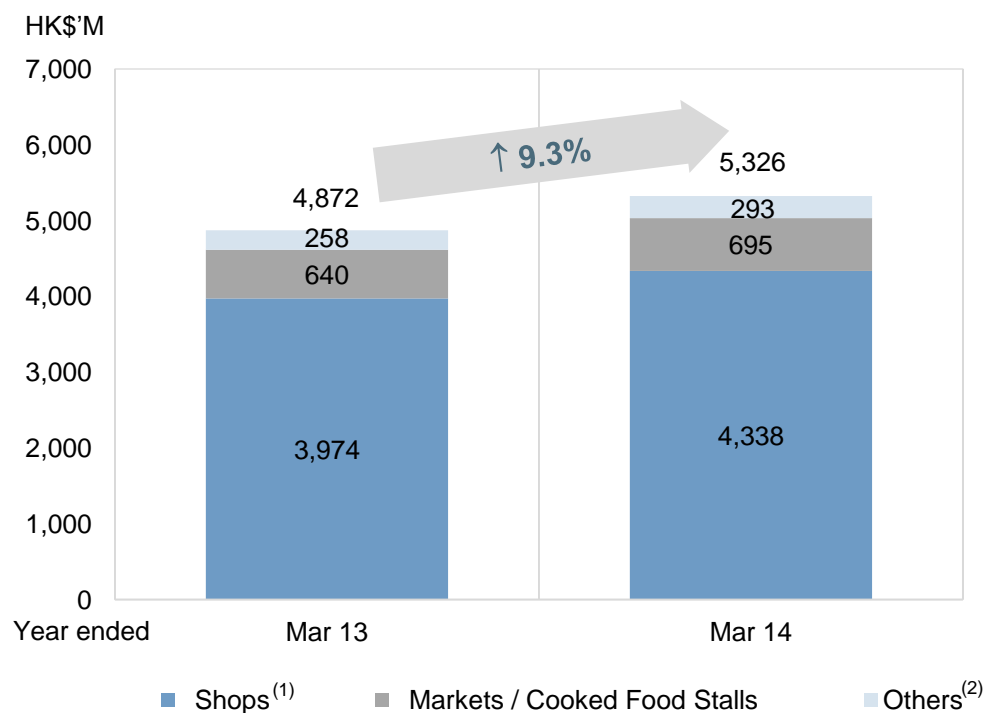
⁽¹⁾ Estimated figures as at 31 March 2014

Continuous asset enhancement pipeline provides
better quality properties to support asset management

Financial Performance

Operational Performance – Retail Growth Persisted

Retail Income Performance



Notes:

(1) Rental from shops includes base and turnover rent

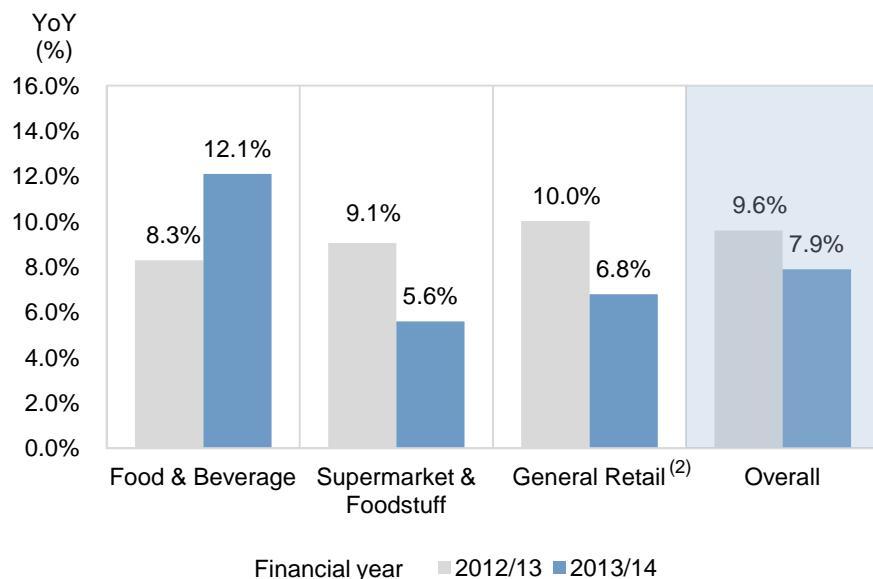
(2) Others including education / welfare / office / ancillary & mall merchandising

	Year ended 31 Mar 2014	Year ended 31 Mar 2013
Occupancy (%)	94.4	94.1
Average unit rent (\$)	42.1	38.4
NPI margin (%)	73.7	72.3
Reversion rate (%)	25.7	24.6

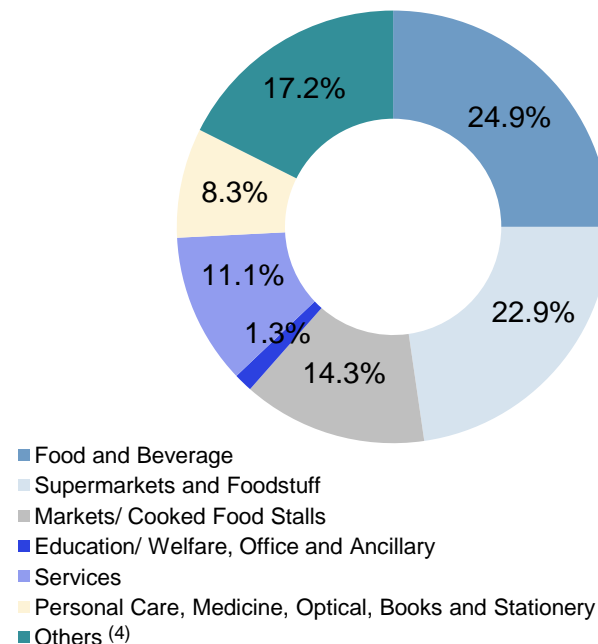
Favourable retail market supporting rental growth

Operational Performance – Encouraging Tenants' Performance

Tenants' Gross Sales ⁽¹⁾



Retail Trade Mix by Monthly Rent ⁽³⁾



Notes:

(1) Percentage figures represent year-on-year change in tenants average monthly sales per square foot of the respective year.

(2) Including services, personal care, medicine, optical, books and stationery, and items classified under "others" below. See note (4).

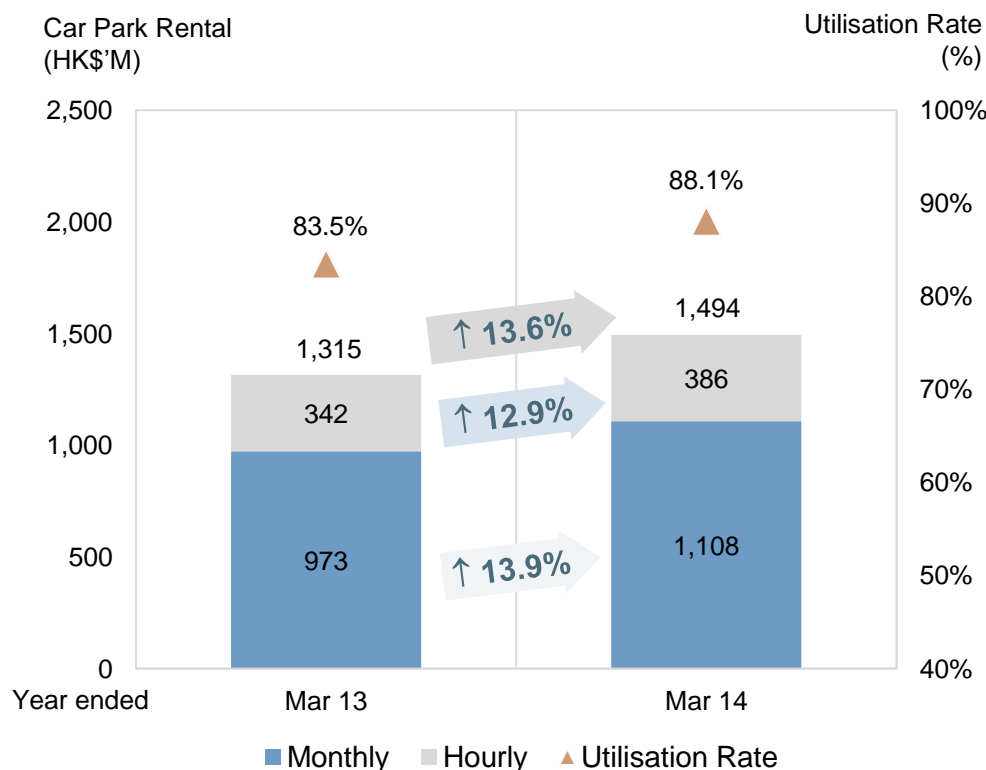
(3) Percentage figures as at 31 March 2014

(4) Including clothing, department stores, electrical and household products, leisure and entertainment, and valuable goods

Resilient trade mix with steady tenant sales growth contributed to satisfactory operating performance

Operational Performance – Car Park Growth Continued

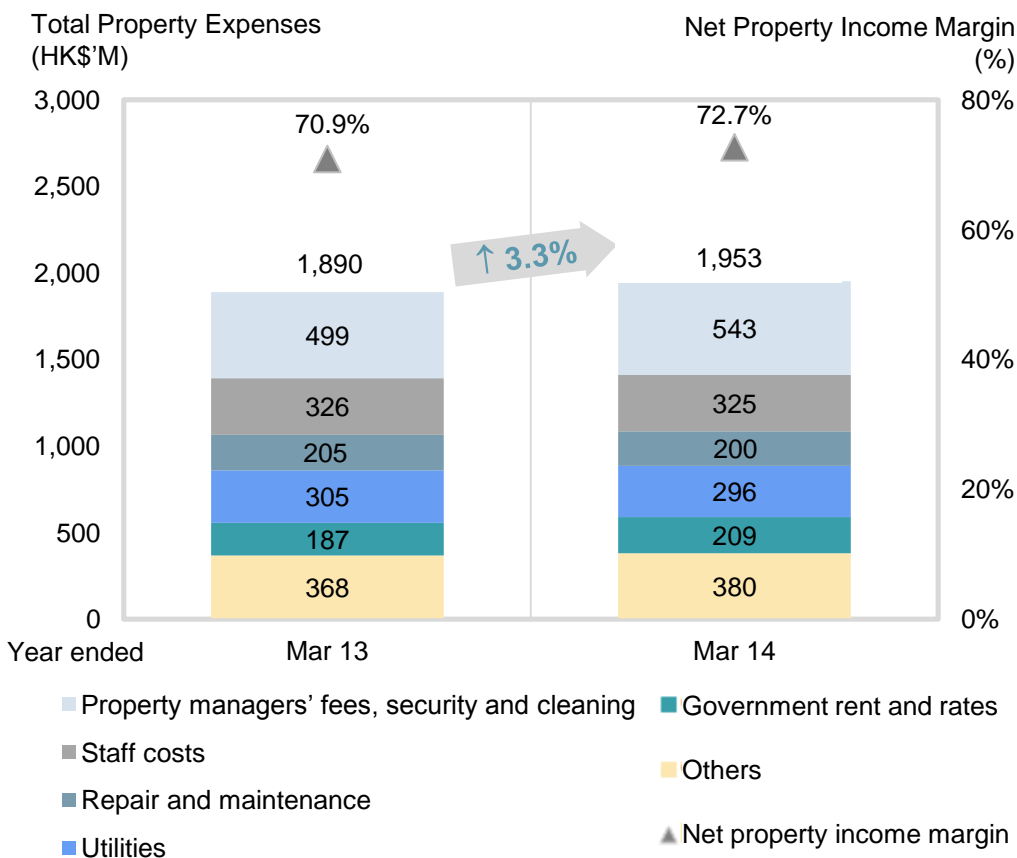
Car Park Income Performance



	Year ended 31 Mar 2014	Year ended 31 Mar 2013
Utilisation of car park space (%)	88.1	83.5
Car park income per space per month (HK\$)	1,566	1,378
NPI margin (%)	69.1	65.5
Average valuation per space (HK\$'000)	235	192

Robust parking space demand led to strong performance

Property Expenses – Maintain at Sustainable Level



Property managers' fees increased mainly due to the increase in statutory minimum wage in May 2013

Effective energy management measures to mitigate impact from utility tariff hikes

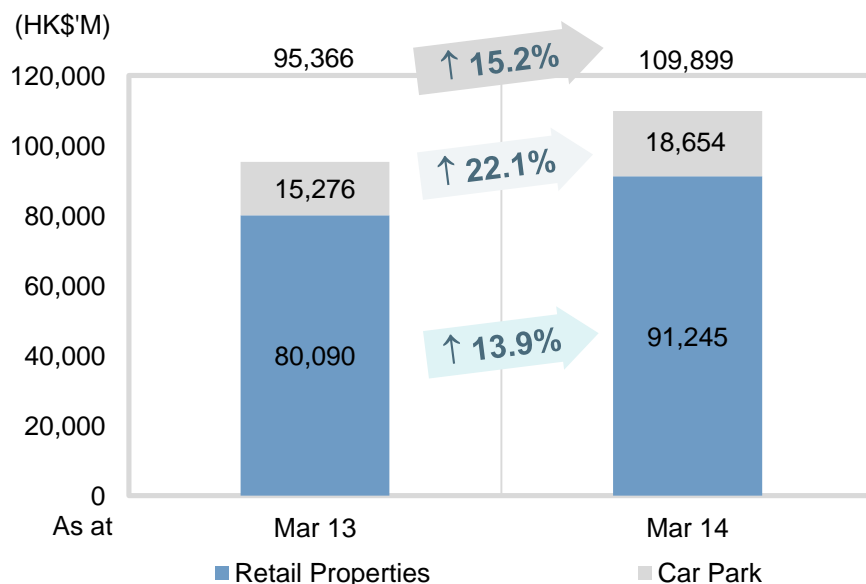
Better planning of works and enhanced property conditions reduced the costs of repair and maintenance

Government rent and rates increased due to a reduction in rates concession and increase in rateable value

Mild property expense increment resulted in margin improvement

Financial Position – Valuation Increased

Valuation Drivers



Value of retail properties up 13.9% mainly contributed by higher rental

Supported by the robust car park performance, value of car parks up 22.1%

Weighted average capitalisation rate

	31 Mar 2014	31 Mar 2013
Retail	5.09%	5.20%
Car Park	6.16%	6.42%
Overall	5.27%	5.39%

NAV per unit

HK\$41.69
+16.8% yoy

Capital Management – Strong funding base

Debt Highlights (As at)	31 Mar 14	31 Mar 13
Debt	HK\$12.6B	HK\$13.5B
Gearing	11.0%	13.6%
Average Facilities Maturity	3.7 yrs⁽¹⁾	4.0 yrs
Fixed Rate Debt/Net Debt	66%	70%
Average Life of Fixed Rate Debt/Swap	6.2 yrs	6.0 yrs
Effective Interest Rate	2.77%	3.07%

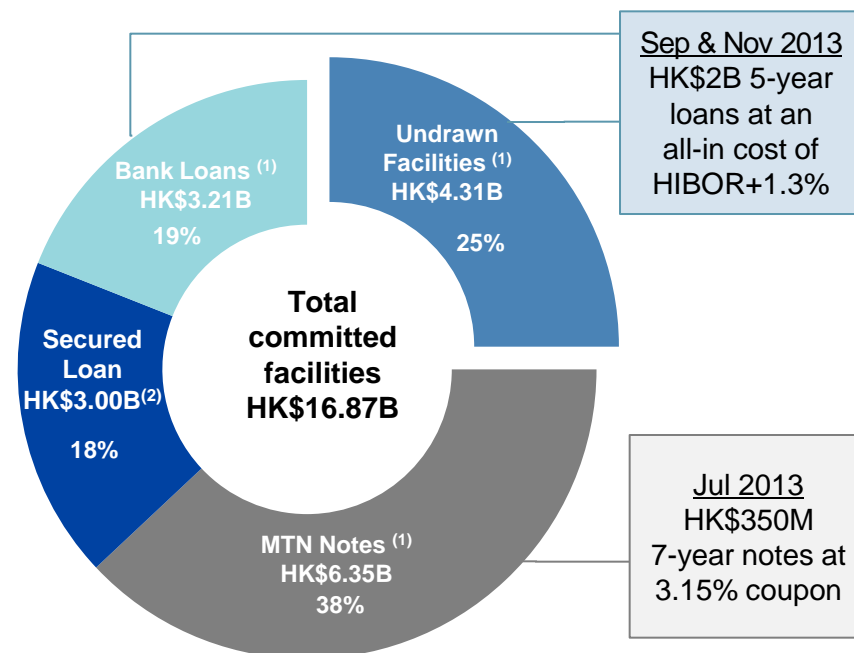
Note:

(1) 4.2 years excluding HK\$2 billion secured loan repaid in May 2014

Corporate Credit Rating

Moody's	A2 / Stable
Standard & Poor's	A / Stable

Funding Status



Notes:

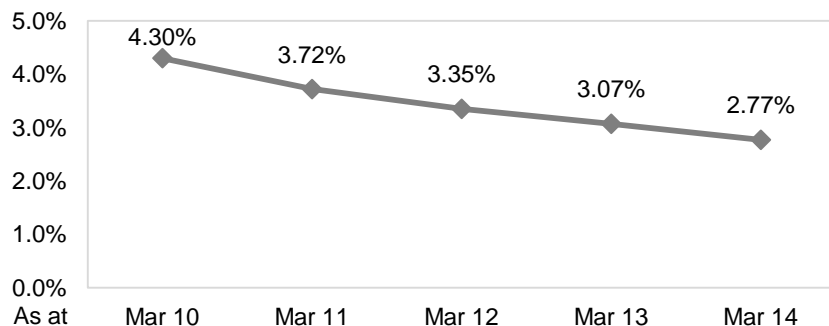
(1) Unsecured

(2) By May 2015, all secured loan will be fully refinanced by unsecured borrowings

Low funding cost and headroom to support growth initiatives

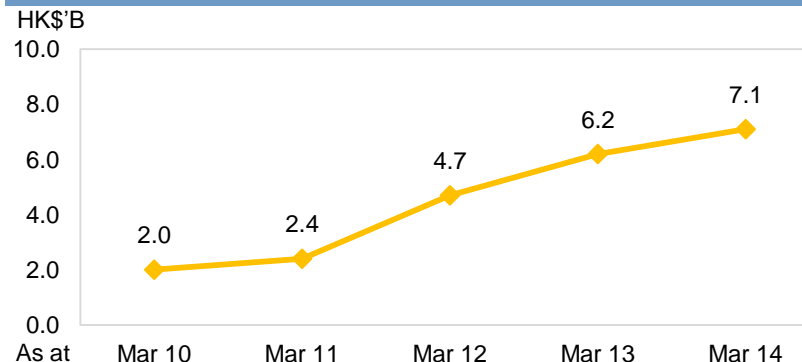
Strong Capital Management

Decreased Average Interest Rate *



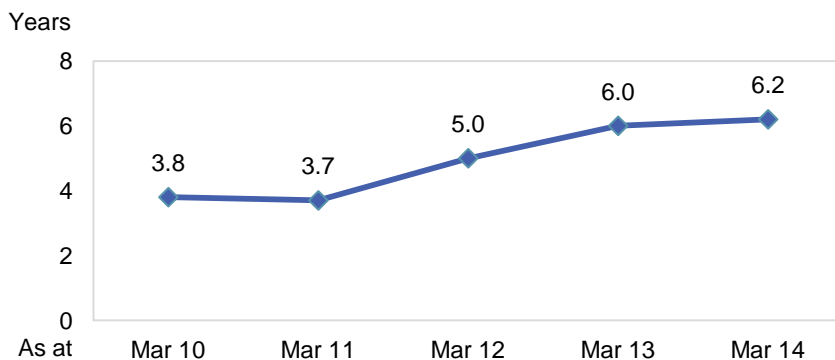
* Average effective interest rate of outstanding borrowings

Increased Available Liquidity *



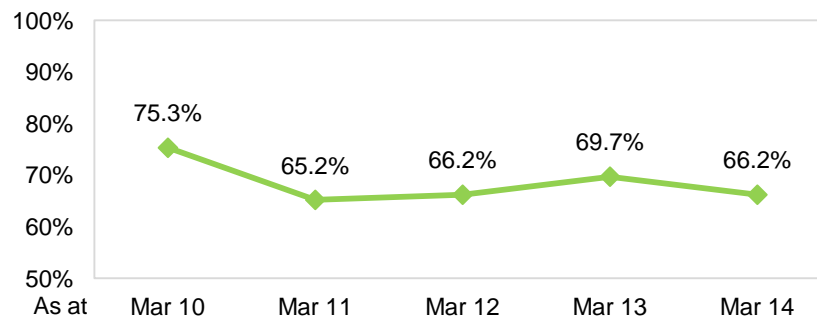
* Available liquidity = cash + committed undrawn facilities

Longer Average Life of Fixed Debt *



* Average remaining life of fixed rate debt or swaps

Adjusted Fixed Debt Ratio *



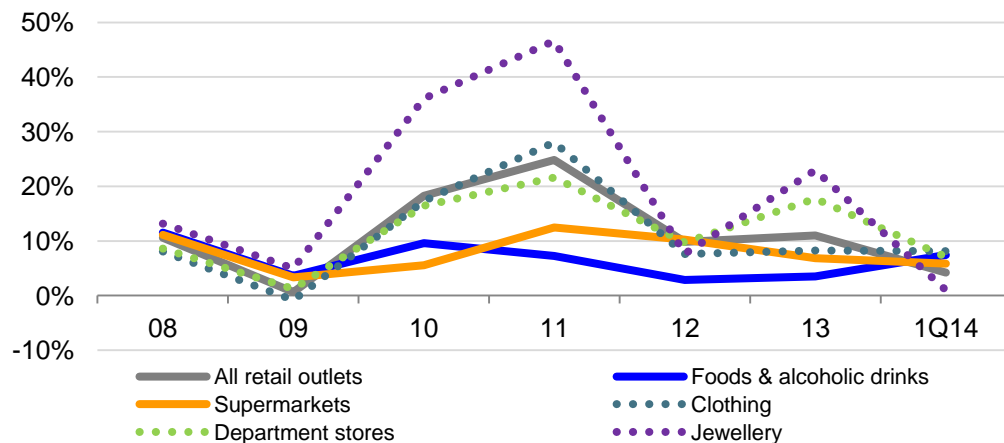
* Fixed debt / Net debt

Well positioned to face the challenge of increasing interest rate cycle

Strategy and Outlook

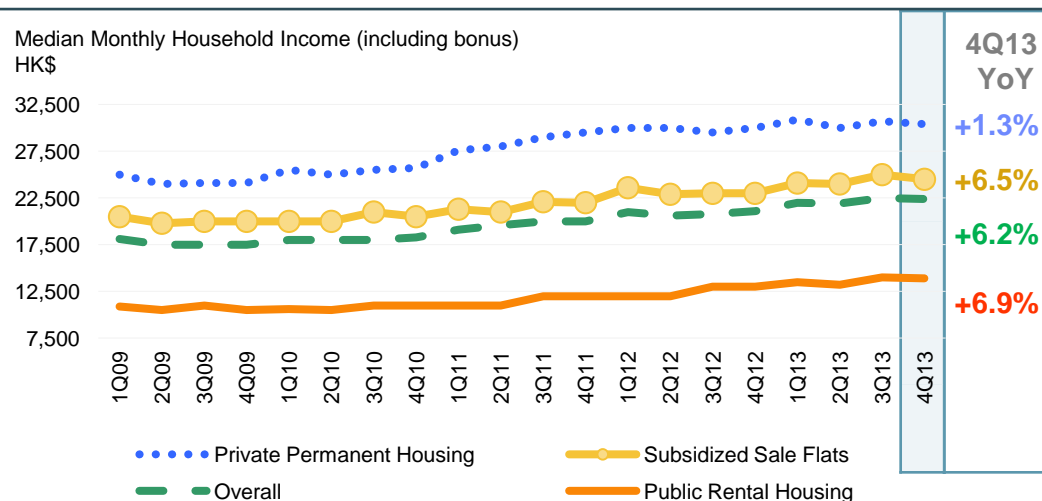
Hong Kong Retail Sales Market Remains Strong

YoY Change of Retail Sales Value



- Positive consumer sentiment
- Tourist arrival showing consistent growth
- Sales growth in non-discretionary items remains stable

Household Income Growth



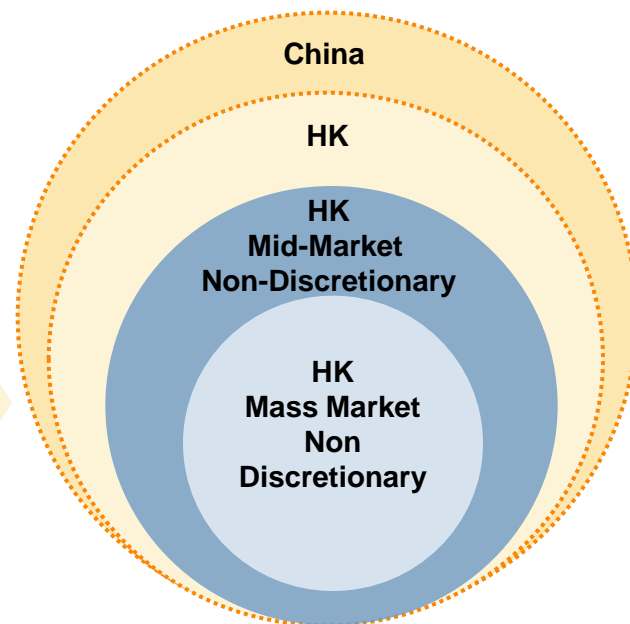
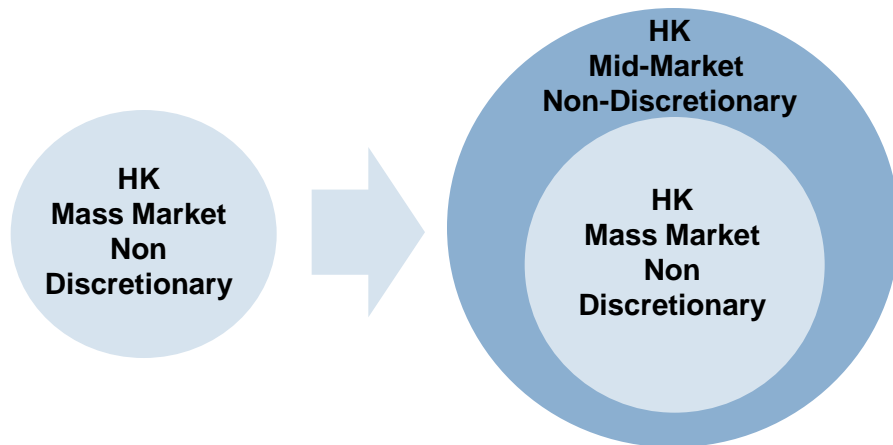
- Steady improvement in household income
- Favourable employment conditions
- Statutory minimum wage supporting domestic consumption

Source: CEIC, Census and Statistics Department

Link to Sustainable Growth

Organic Growth

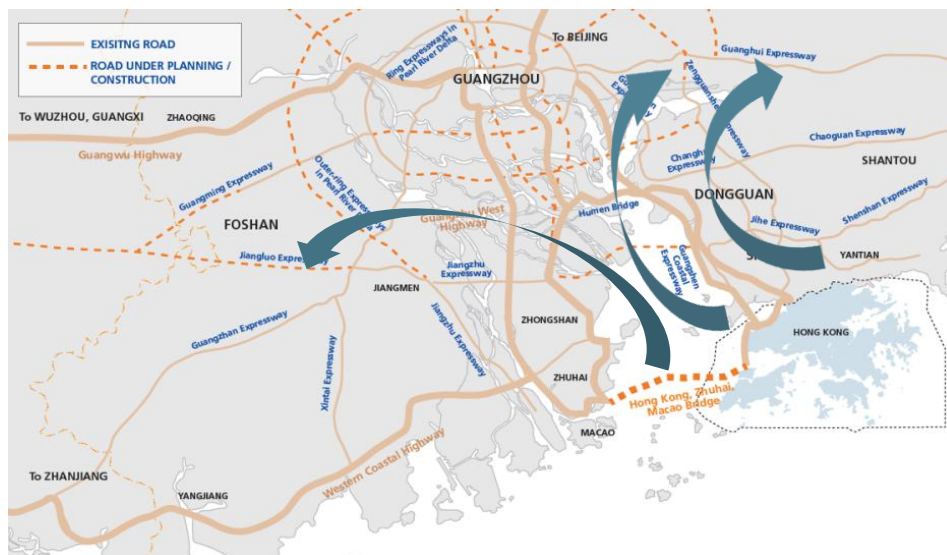
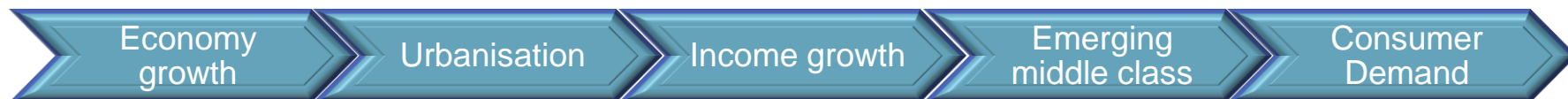
Inorganic Growth



Asset Management and Enhancement

Asset Investment

- Asset management and asset enhancement of our Hong Kong portfolio will continue to be our near term growth drivers
- Expand catchment by broadening property portfolio to support future growth

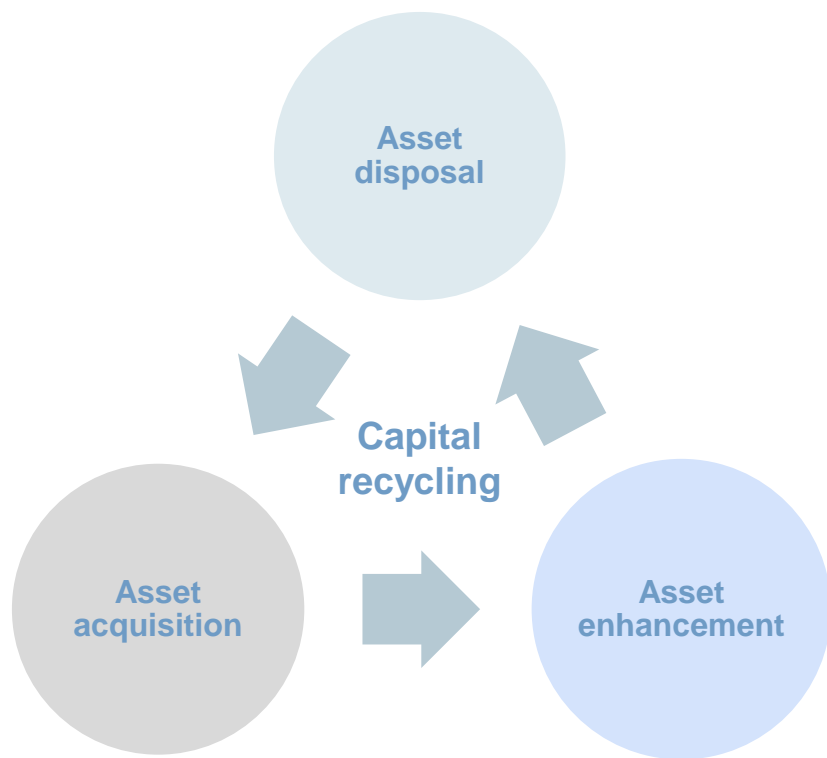


- Improving infrastructure in Pearl River Delta facilitates regional integration
- Benefitted from the fast growing middle class shoppers
- Large tenants from Hong Kong already operating in Guangdong province

Investment Strategy

- Target mid-market retail properties
- Stand-alone shopping malls / retail portion of mixed-use developments
- Income generating properties and uncompleted properties
- Wholly-owned or majority-owned in JV with strong local developers

Expanding our portfolio to include China in medium term



- In May 2014, four properties were sold for a total consideration of HK\$1,239.7m, 38.4% premium to aggregate appraised value as at 31 March 2014
- Continue to assess performance of individual properties
- Identify assets in districts with outlying growth potential
- Focus resources on areas with expansion momentum

Asset disposal to recycle capital for further value creation

Hong Kong economic foundation continues to be strong supporting steady retail sales growth

Prudent capital management strategy will minimise impact of any interest rate rise and provide solid base for growth

Explore capital recycling opportunities to create value for our unitholders

Seek further acquisition targets in Hong Kong and cautious asset investment outside of Hong Kong, initially in Pearl River Delta

Near term growth continues to be driven by core portfolio in Hong Kong

Final Distribution

▪ Distribution period	October 2013 – March 2014
▪ Last day of trading on a “cum” basis	16 June 2014
▪ Ex Distribution date	17 June 2014
▪ Distribution book close	19 June – 23 June 2014 (both days inclusive)
▪ Record date for entitlement to cash distribution ⁽¹⁾	23 June 2014
▪ Payment of cash distribution ⁽¹⁾	3 July 2014

Note:

⁽¹⁾ There is no scrip alternative for this distribution.

Additional Financial and Operational Information for Year Ended 31 March 2014

Additional Data 1: Financial and Operational Highlights

Income Statement Summary

	Year ended 31 Mar 2014 HK\$'M	Year ended 31 Mar 2013 HK\$'M	YoY %
Revenues	7,155	6,506	10.0
Property operating expenses	(1,953)	(1,890)	3.3
Net property income	5,202	4,616	12.7
General and administrative expenses	(222)	(223)	(0.4)
Interest income	28	39	(28.2)
Finance costs on interest bearing liabilities	(393)	(441)	(10.9)
Profit before taxation, change in fair values of investment properties and transactions with Unitholders	4,615	3,991	15.6
Change in fair values of investment properties	13,445	17,705	(24.1)
Taxation	(755)	(634)	19.1
Profit for the year, before transactions with Unitholders	17,305	21,062	(17.8)

Distribution Statement Summary

	Year ended 31 Mar 2014 HK\$'M	Year ended 31 Mar 2013 HK\$'M	YoY %
Profit for the year, before transactions with Unitholders	17,305	21,062	(17.8)
Change in fair values of investment properties	(13,445)	(17,705)	(24.1)
Other non-cash income	(30)	(8)	275.0
Total distributable income	3,830	3,349	14.4
Distribution per unit (HK cents)	165.74	146.46	13.2

Additional Data 2: Financial Review – Revenue

Revenue Analysis

	Year ended 31 Mar 2014 HK\$'M	Year ended 31 Mar 2013 HK\$'M	YoY %	Percentage contribution year ended 31 Mar 2014 %
Retail rentals:				
Shops ⁽¹⁾	4,338	3,974	9.2	60.6
Markets / Cooked Food Stalls	695	640	8.6	9.7
Education / Welfare / Office / Ancillary	137	128	7.0	1.9
Mall Merchandising	156	130	20.0	2.2
Car park rentals:				
Monthly	1,108	973	13.9	15.5
Hourly	386	342	12.9	5.4
Expenses recovery and other miscellaneous revenue:				
Property related revenue ⁽²⁾	335	319	5.0	4.7
Total	7,155	6,506	10.0	100.0

Notes:

(1) Rental from shops includes base and turnover rents.

(2) Including other revenue from retail properties of HK\$331 Million (2013:HK\$316 Million) and car park portfolio of HK\$4 Million (2013:HK\$3 Million)

Additional Data 3: Financial Review – Expenses

Expenses Analysis

	Year ended 31 Mar 2014 HK\$'M	Year ended 31 Mar 2013 HK\$'M	YoY %	Percentage contribution year ended 31 Mar 2014 %
Property managers' fees, security and cleaning	543	499	8.8	27.8
Staff costs	325	326	(0.3)	16.6
Repair and maintenance	200	205	(2.4)	10.2
Utilities	296	305	(3.0)	15.2
Government rent and rates	209	187	11.8	10.7
Promotion and marketing expenses	111	109	1.8	5.7
Estate common area costs	114	116	(1.7)	5.8
Other property operating expenses	155	143	8.4	8.0
Total property expenses	1,953	1,890	3.3	100.0

Additional Data 4: Financial Position & Investment Properties

Financial Position Summary

HK\$'M	As at 31 Mar 14	As at 30 Sep 13	As at 31 Mar 13
Total Assets	113,466	104,294	99,423
Total Liabilities	17,115	16,382	17,781
Net Assets Attributable to Unitholders	96,351	87,912	81,642
Units in Issue (M)	2,310.9	2,310.9	2,288.1
Net Asset Value Per Unit	\$41.69	\$38.04	\$35.68

Fair Values of Investment Properties

	As at 31 Mar 14 HK\$'M	As at 30 Sep 13 HK\$'M	As at 31 Mar 2013 HK\$'M
At beginning of period / year	95,366	95,366	76,672
Additions	1,088	410	989
Change in fair values of investment properties	13,445	5,211	17,705
At end of period / year	109,899	100,987	95,366

Additional Data 5: Valuation

Valuation Drivers

	As at 31 Mar 2014	As at 30 Sep 2013	As at 31 Mar 2013
Retail properties (HK\$'M)	91,245	84,460	80,090
Car parks (HK\$'M)	18,654	16,527	15,276
Total (HK\$'M)	109,899	100,987	95,366

Income Capitalisation Approach – Capitalisation Rate

Retail properties	4.40 – 6.60 %	4.50 – 6.75 %	4.50 – 6.75%
Retail properties: weighted average	5.09 %	5.20 %	5.20%
Car parks	4.80 – 7.60 %	5.00 – 8.25 %	5.00 – 8.25%
Car parks: weighted average	6.16 %	6.41 %	6.42%
Overall weighted average	5.27 %	5.39 %	5.39%

DCF Approach

Discount rate	7.50 %	7.50 %	7.50 %
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Additional Data 6: Capital Management

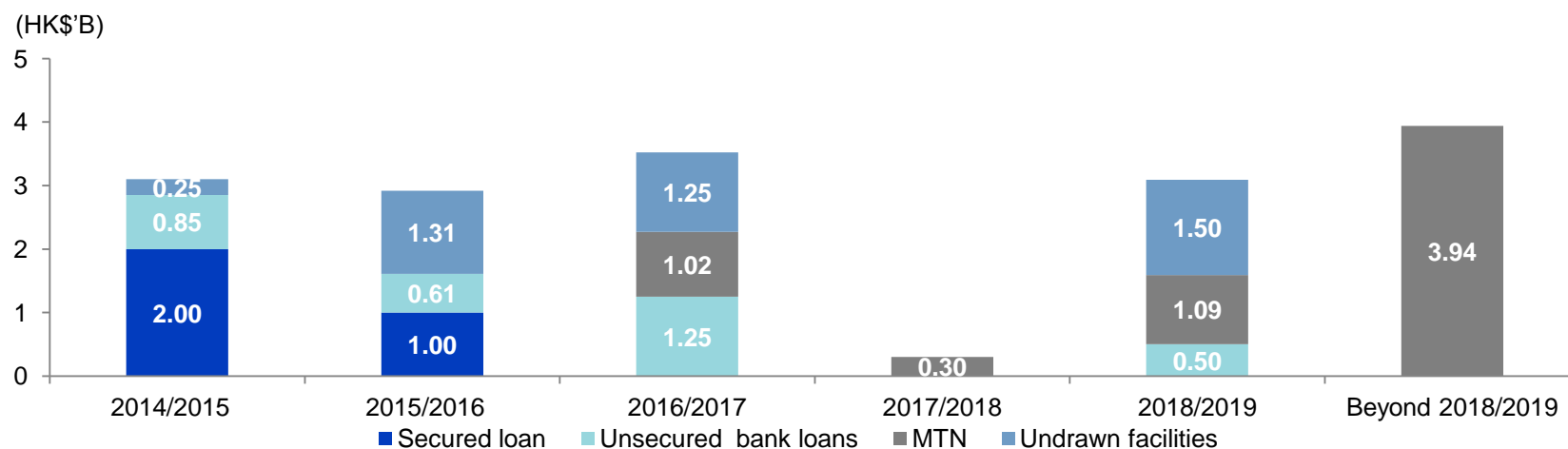
Committed Debt Facilities⁽¹⁾

As at 31 Mar 14 (HK\$'B)	Fixed Rate ⁽²⁾ Debt	Floating Rate ⁽²⁾ Debt	Utilised Facilities	Undrawn Facilities	Total Committed Facilities
Secured loan	0.75	2.25	3.00	-	3.00
Unsecured bank loans	1.40	1.81	3.21	4.31	7.52
Medium Term Notes	4.32	2.03	6.35	-	6.35
Total	6.47	6.09	12.56	4.31	16.87
Percentage	52%	48%	74%	26%	100%

Notes :

(1) All amounts are at face value. (2) After interest rate swaps.

Facility Maturity Profile



Additional Data 7: Capital Management – Strong Credit Metrics

Key Credit Metrics by Rating Agencies

	As at 31 Mar 14 ⁽³⁾	As at 31 Mar 13 ⁽⁴⁾	S&P (A / Stable)	Moody's (A2 / Stable)
Total debt / total assets	11.1%	13.6%	N/A	< 30%
Total debt / total capital ⁽¹⁾	11.5%	14.3%	< 35%	N/A
FFO ⁽²⁾ : total debt	32.8%	26.6%	> 15%	N/A
EBITDA interest coverage	12.1x	9.6x	N/A	> 3.5x
Total debt / EBITDA	2.5x	3.0x	N/A	< 5.0x

Notes:

(1) Total capital is calculated by total debt add net assets attributable to Unitholders

(2) Funds from operations is calculated by net cash generated from operating activities with adjustments for operating lease expense, interest expenses and income

(3) Ratios are yet to be confirmed by rating agencies

(4) Ratios are based on reports of rating agencies

Additional Data 8: Retail Portfolio by Valuation

Portfolio by Segmentation

Retail properties ⁽¹⁾	Retail properties valuation HK\$'M	Retail rentals HK\$'M		Unit Rent HK\$ psf		Occupancy Rate %	
	As at 31 Mar 2014	Year ended 31 Mar 2014	Year ended 31 Mar 2013	As at 31 Mar 2014	As at 31 Mar 2013	As at 31 Mar 2014	As at 31 Mar 2013
1-10	25,636	1,393	1,244	60.5	55.7	98.7	98.4
11-50	42,303	2,417	2,215	45.1	41.2	95.6	95.0
51-100	19,267	1,245	1,158	32.4	30.0	91.8	91.9
101-153	4,039	271	255	23.2	20.8	89.3	89.6
Overall	91,245	5,326	4,872	42.1	38.4	94.4	94.1

Note:

(1) Properties ranked by retail valuation as at 31 March 2014

Additional Data 9: Portfolio Metrics

Positive Portfolio Metrics

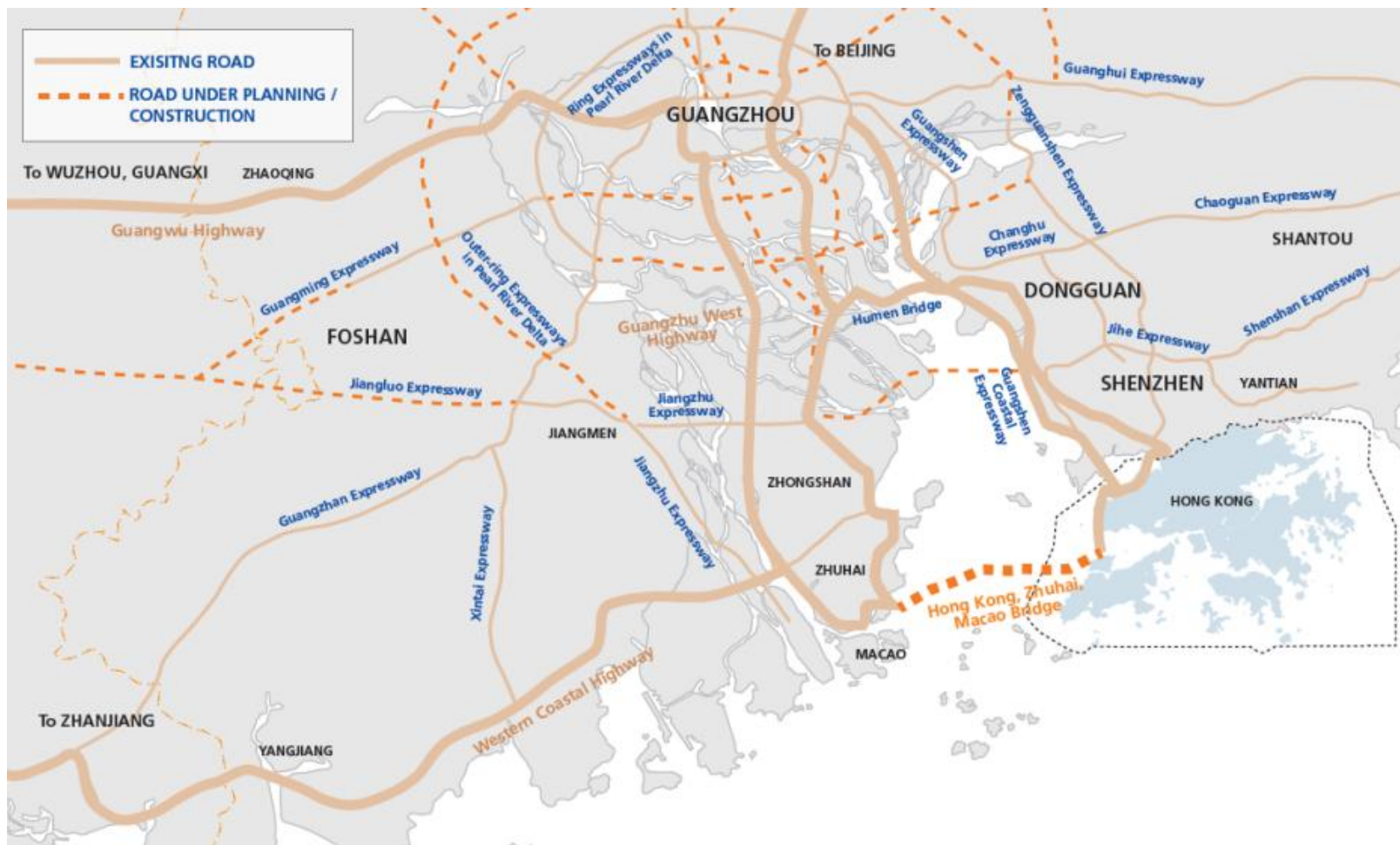
	Year ended 31 Mar 2014	Year ended 31 Mar 2013	YoY Change
Average monthly unit rent (psf pm) at year end			
■ Shops	HK\$ 42.3	HK\$ 38.7	9.3%
■ Overall (ex Self use office)	HK\$ 42.1	HK\$ 38.4	9.6%
Composite reversion rate			
■ Shops	25.8 %	24.7 %	1.1ppts
■ Overall	25.7 %	24.6 %	1.1ppts
Occupancy rate at year end			
■ Shops	96.6 %	96.3 %	0.3ppts
■ Overall	94.4 %	94.1 %	0.3ppts
Net property income margin	72.7 %	70.9 %	1.8ppts
Car park income per space per month	HK\$ 1,566	HK\$ 1,378	13.6%

Additional Data 10: Lease Expiry Profile

Lease Expiry Profile

(As at 31 March 2014)	As % of total IFA	As % of monthly base rent
Year 2014/15	29.7 %	34.1 %
Year 2015/16	27.4 %	29.7 %
Year 2016/17 and Beyond	33.1 %	32.6 %
Short-term Lease and Vacancy	9.8 %	3.6 %
Total	100.0 %	100.0 %

Additional Data 11: Infrastructure of Pearl River Delta



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