



# 2014/2015 Annual Results Presentation

10 June 2015

# Key Achievements

## A fruitful year

### 2014

Jul / Dec  **Disposal** of nine non-core properties for HK\$2,956M

Sep  **Acquisition of Lions Rise Mall** for HK\$1,380M

Dec  Completed HK\$477M **repositioning of H.A.N.D.S.**, our flagship shopping centre in Tuen Mun

Dec  Became a constituent stock of the **Hang Seng Index**

### 2015

Jan  Expanded investment mandate to include **property development**

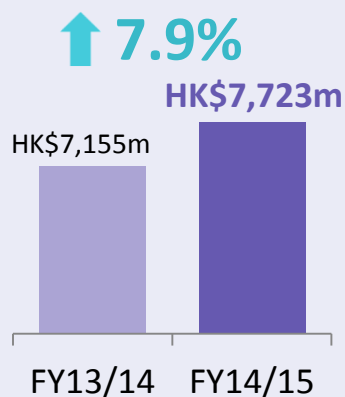
Jan  **Acquisition of commercial development land** for HK\$5,860M via joint venture

Mar  **First acquisition in Mainland China** – Beijing EC Mall for RMB2,500M

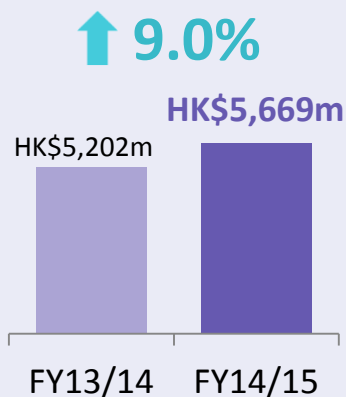
# Key Achievements

## Financial highlights

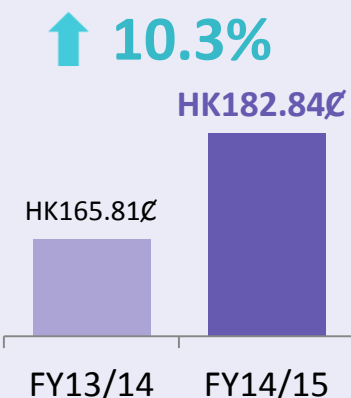
### REVENUE



### NET PROPERTY INCOME



### DISTRIBUTION PER UNIT



### OCCUPANCY RATE

↑ 0.4 ppts

94.8%

### AVERAGE UNIT RENT

↑ 7.8%

HK\$45.4 psf

### NET ASSET VALUE PER UNIT

↑ 23.6%

HK\$51.53

Note: (1) Variances represent percentage change year-on-year.



# FINANCIAL PERFORMANCE

# Financial Performance

## Solid performance supporting distribution growth

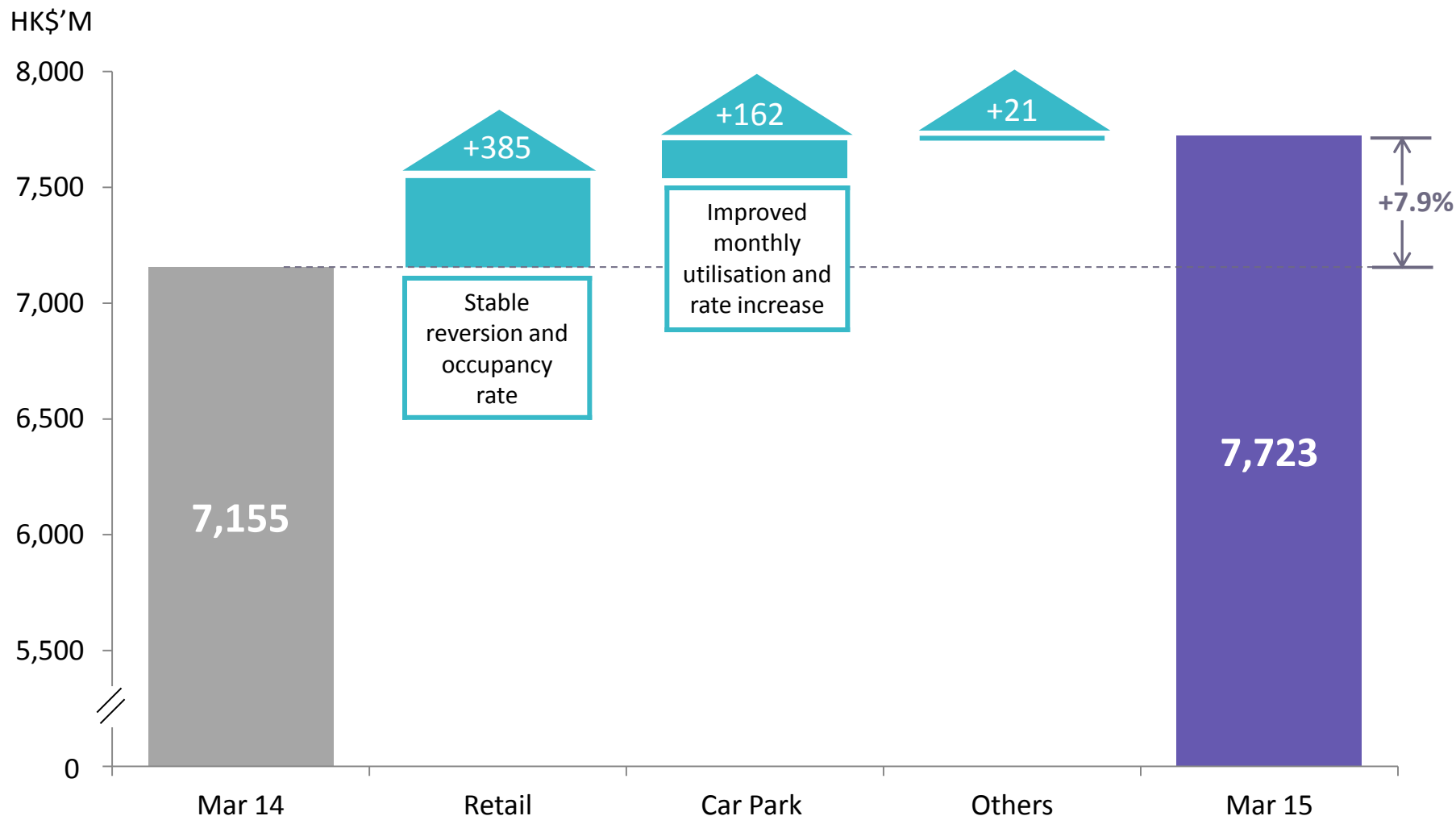


	Year ended 31 Mar 2015 HK\$'M	Year ended 31 Mar 2014 HK\$'M	YoY Change
Revenue	7,723	7,155	↑ 7.9%
Net property income	5,669	5,202	↑ 9.0%
Net property income margin	73.4%	72.7%	↑ 0.7 ppts
Total distributable income	4,064	3,830	↑ 6.1%
Discretionary distribution <sup>(1)</sup>	128	-	N/A
Total distributable amount <sup>(1)</sup>	4,192	3,830	↑ 9.5%
<b>Distribution Per Unit (HK\$)</b>	<b>182.84</b>	165.81	↑ 10.3%
Total distributable amount as a percentage of total distributable income (%)	103%	100%	

Note: (1) Total distributable amount included discretionary distribution of HK\$128m paid as part of interim distribution to offset the transaction costs relating to acquisition of Lions Rise Mall in September 2014.

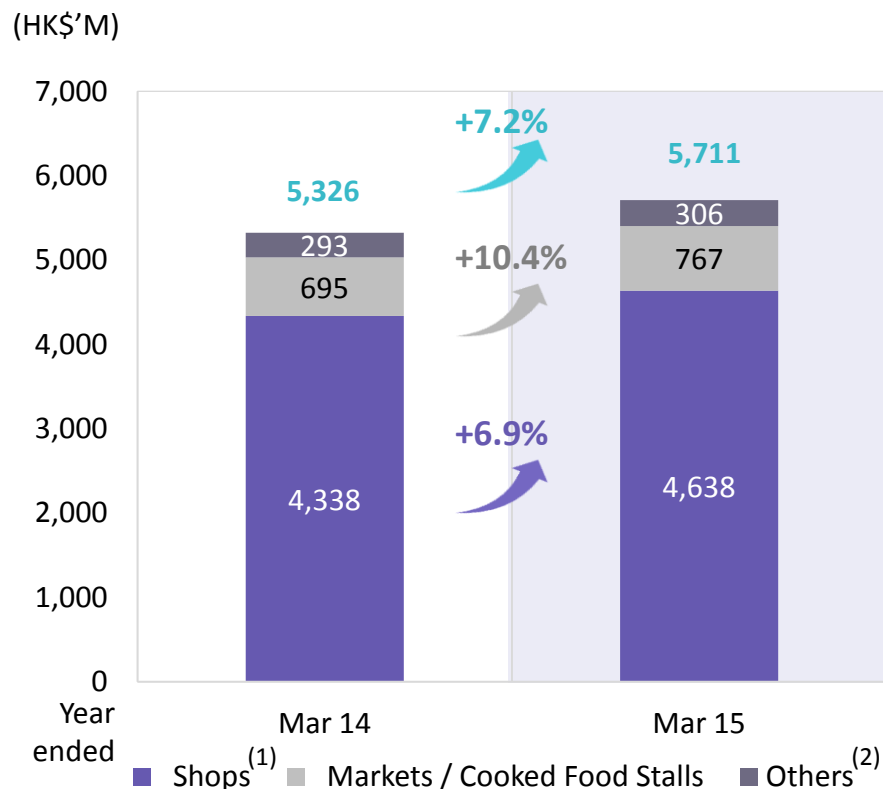
# Revenue Analysis

## Continuous growth in retail and car park revenues



# Retail Income Performance

## Maintaining steady growth



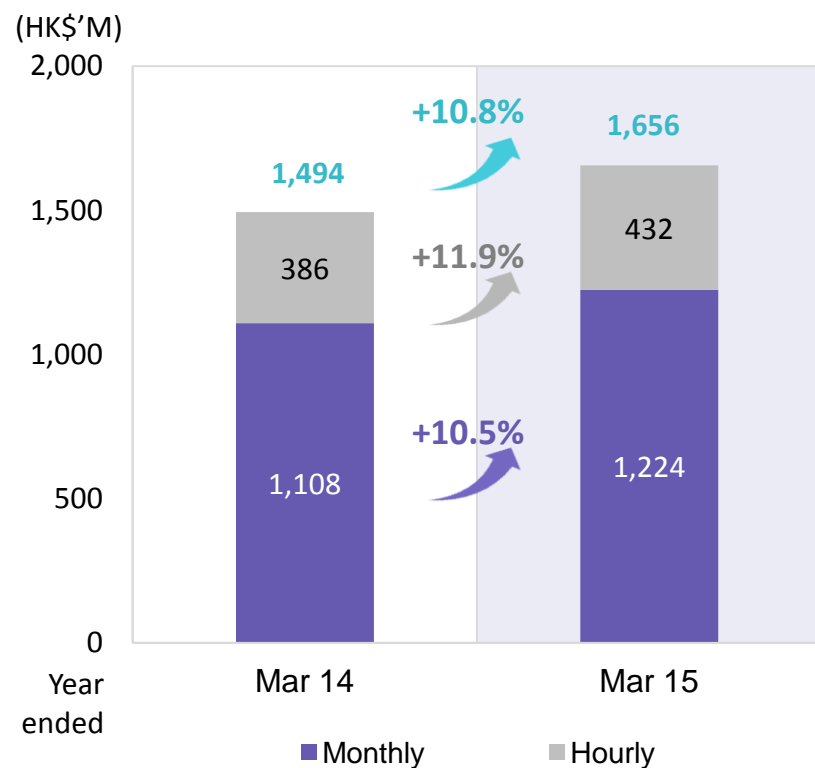
Notes: (1) Rental from shops includes base and turnover rent.

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

	Year ended 31 Mar 2015	Year ended 31 Mar 2014
NPI margin (%)	74.2	73.7
Reversion rate (%)	22.0	25.7
	As at 31 Mar 2015	As at 31 Mar 2014
Occupancy (%)	94.8	94.4
Average unit rent (HK\$ psf)	45.4	42.1

# Car Park Income Performance

## Strong demand supports growth

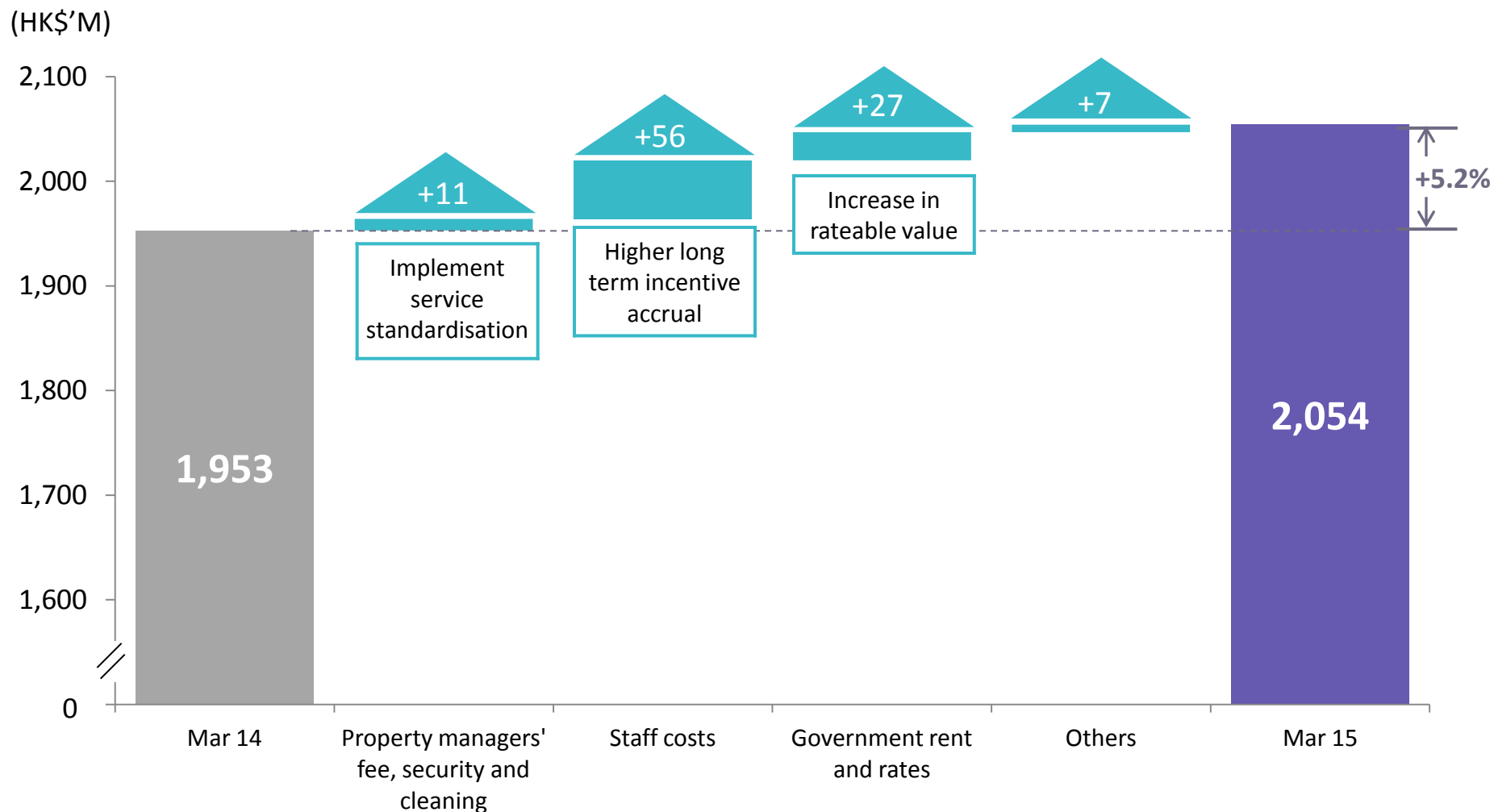


	Year ended 31 Mar 2015	Year ended 31 Mar 2014
NPI margin (%)	70.3	69.1
Car park income per space per month (HK\$)	1,767	1,566
	As at 31 Mar 2015	As at 31 Mar 2014
Utilisation of car park space (%)	94.1	88.1
Average valuation per space (HK\$'000)	330	235



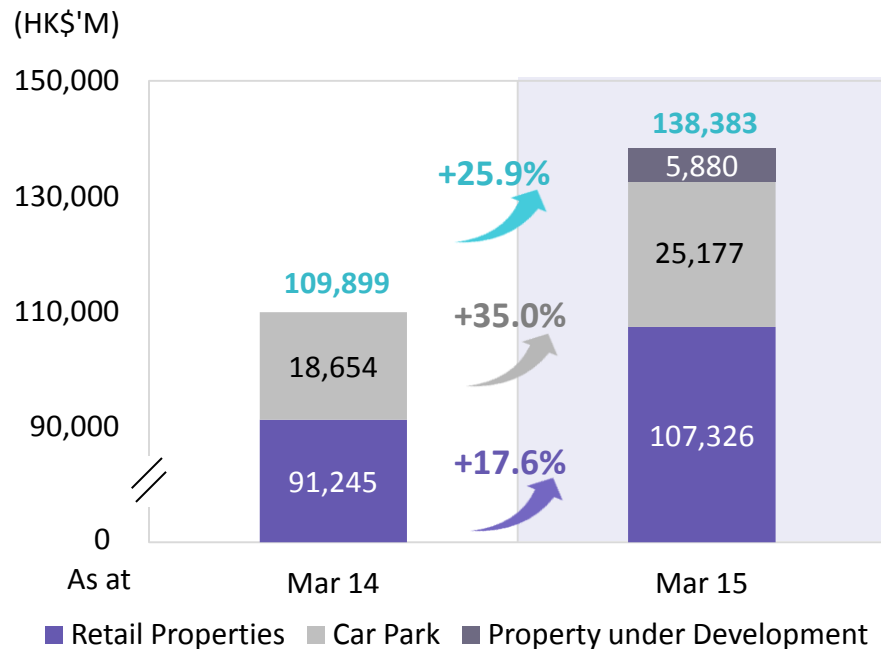
# Property Expense Analysis

## Continue to maintain discipline in cost control



# Property Valuation

## Cap rate compression to reflect market transactions

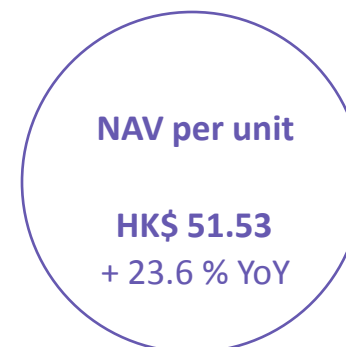


- Robust car park performance and lower cap rates supported value increase
- Average valuation per space of HK\$330K

Retail property value increase contributed by:

- Increase in net property income
- Lowered cap rates for smaller assets with better performance

	Weighted average capitalisation rate		
	31 Mar 2015	31 Mar 2014	Change
Retail	4.57%	5.09%	↓0.52ppts
Car Park	4.78%	6.16%	↓1.38ppts
<b>Overall</b>	<b>4.61%</b>	<b>5.27%</b>	<b>↓0.66ppts</b>

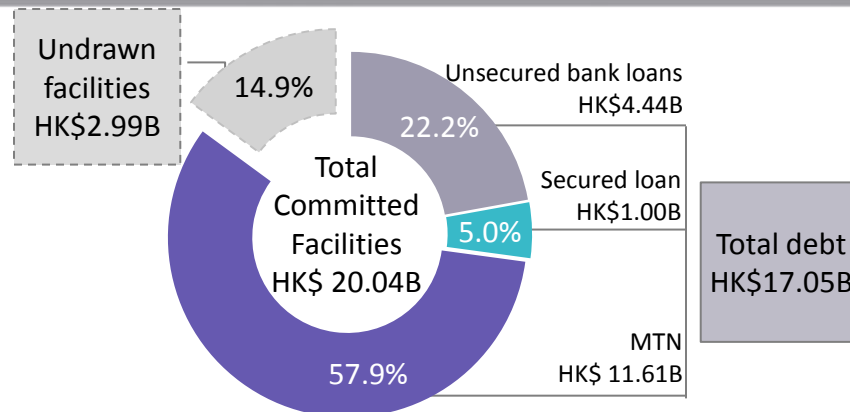


# Capital Management

## Lower interest cost while extending protection

### Debt Highlights

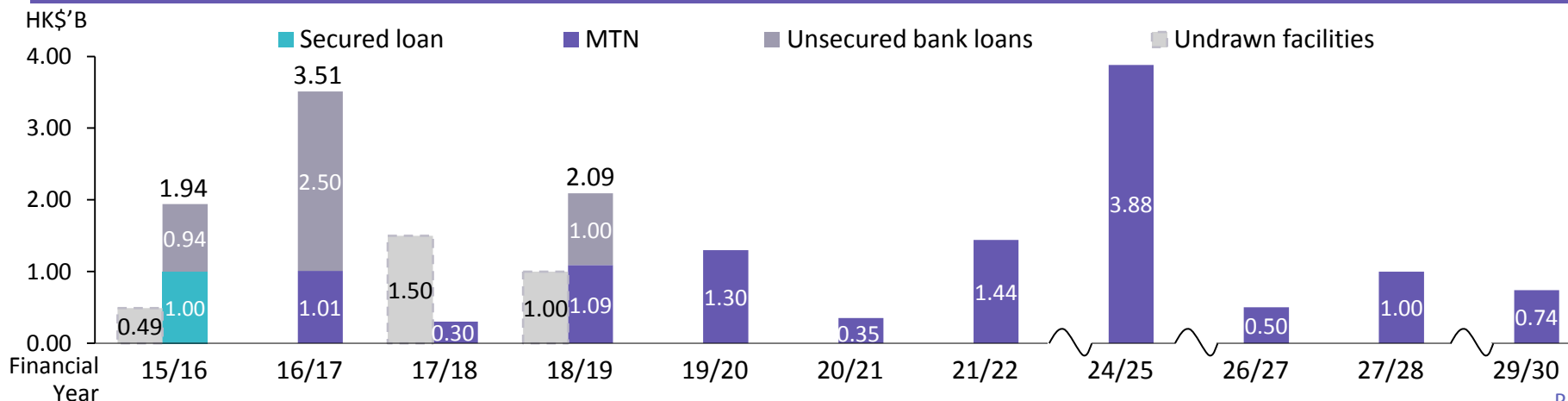
As at	31 Mar 2015	31 Mar 2014
Gearing	11.9%	11.0%
Average Facilities Maturity	5.2yrs	3.7 yrs
Fixed Rate Debt/Total Debt	59%	52%
Average Life of Fixed Rate Debt/Swap	7.2 yrs	6.2 yrs
Effective Interest Rate	2.66%	2.77%



### Corporate Credit Rating

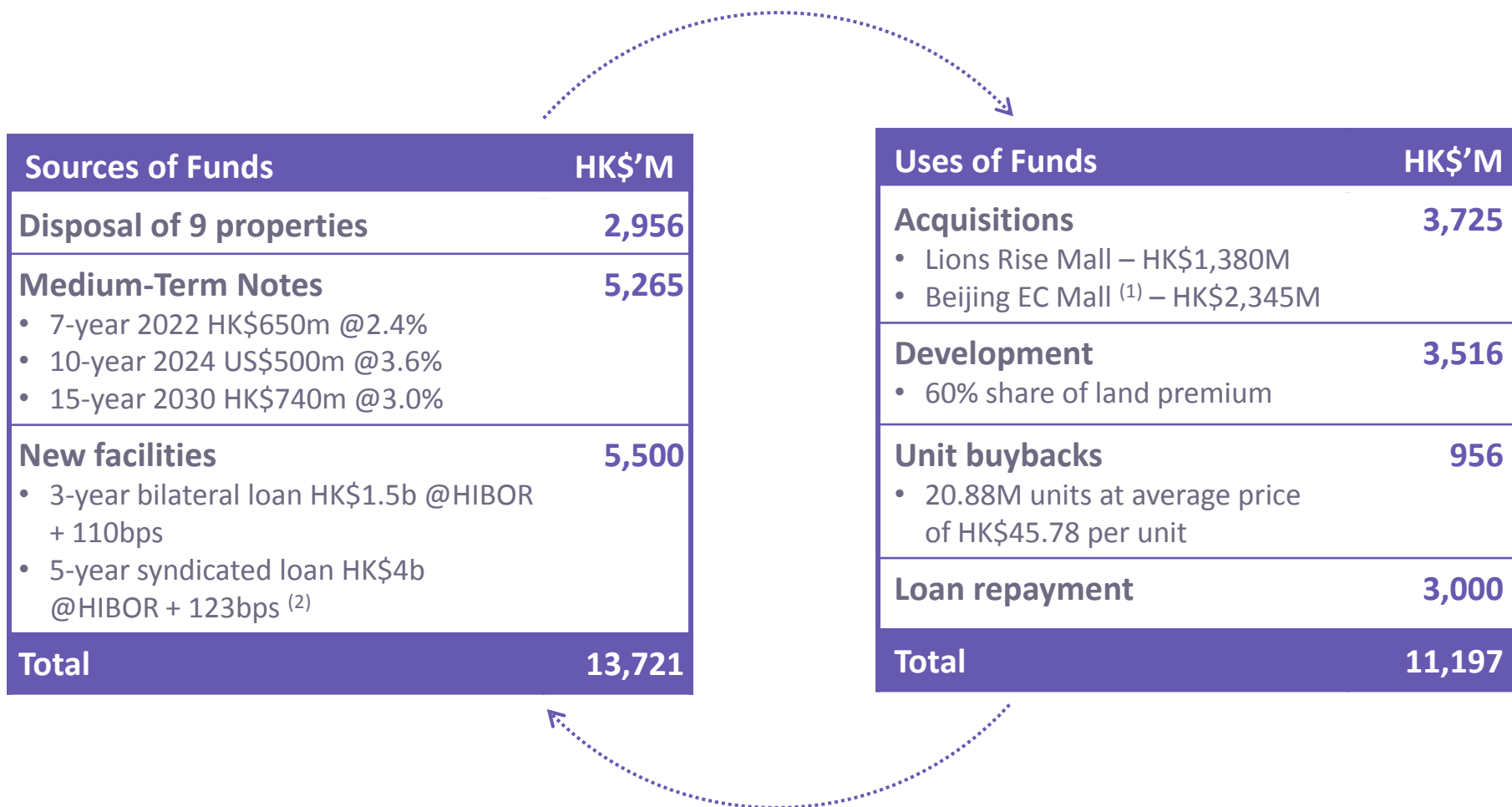
Moody's	A2 / Stable
Standard & Poor's	A / Stable

### Maturity Profile



# Capital Management

## Multiple sources of funds to support growth initiatives



Notes: (1) Included net amount paid upon completion in April 2015 excluding on-shore RMB financing.

(2) Arranged in May 2015.



# OPERATIONS UPDATE

# Asset Management

## Organic growth through tenant mix enhancement

### New tenants introduced to portfolio



LifeWear

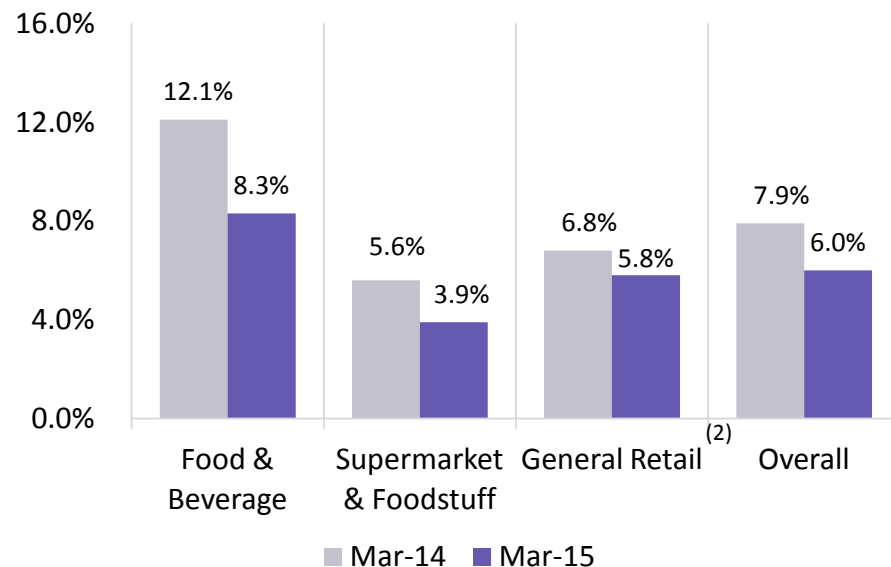


### Existing tenants expanding their businesses



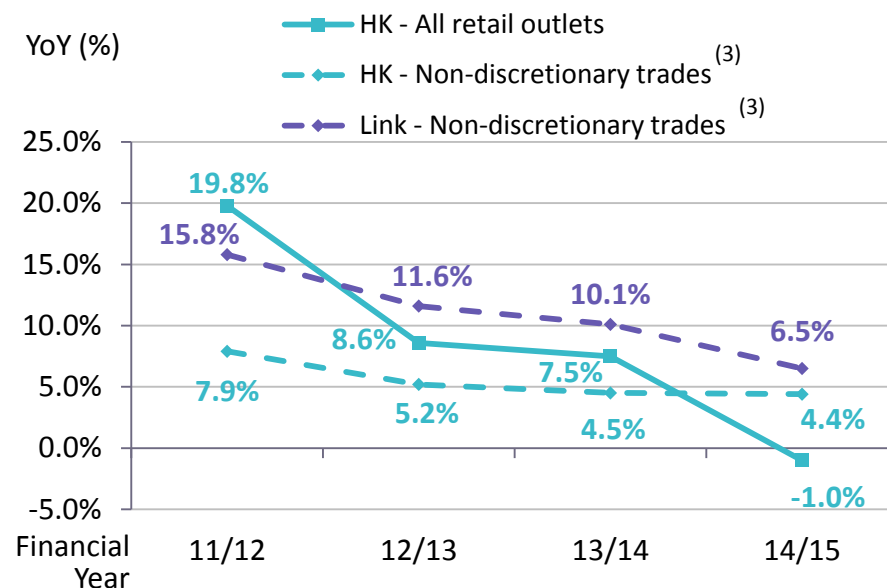
### Link's Tenant Gross Sales<sup>(1)</sup>

YoY (%)



### Link's Portfolio vs Overall Hong Kong<sup>(1)</sup>

YoY (%)



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

(2) Including services, personal care, medicine, optical, books and stationery, clothing, department store, electrical and household products, leisure and entertainment, and valuable goods.

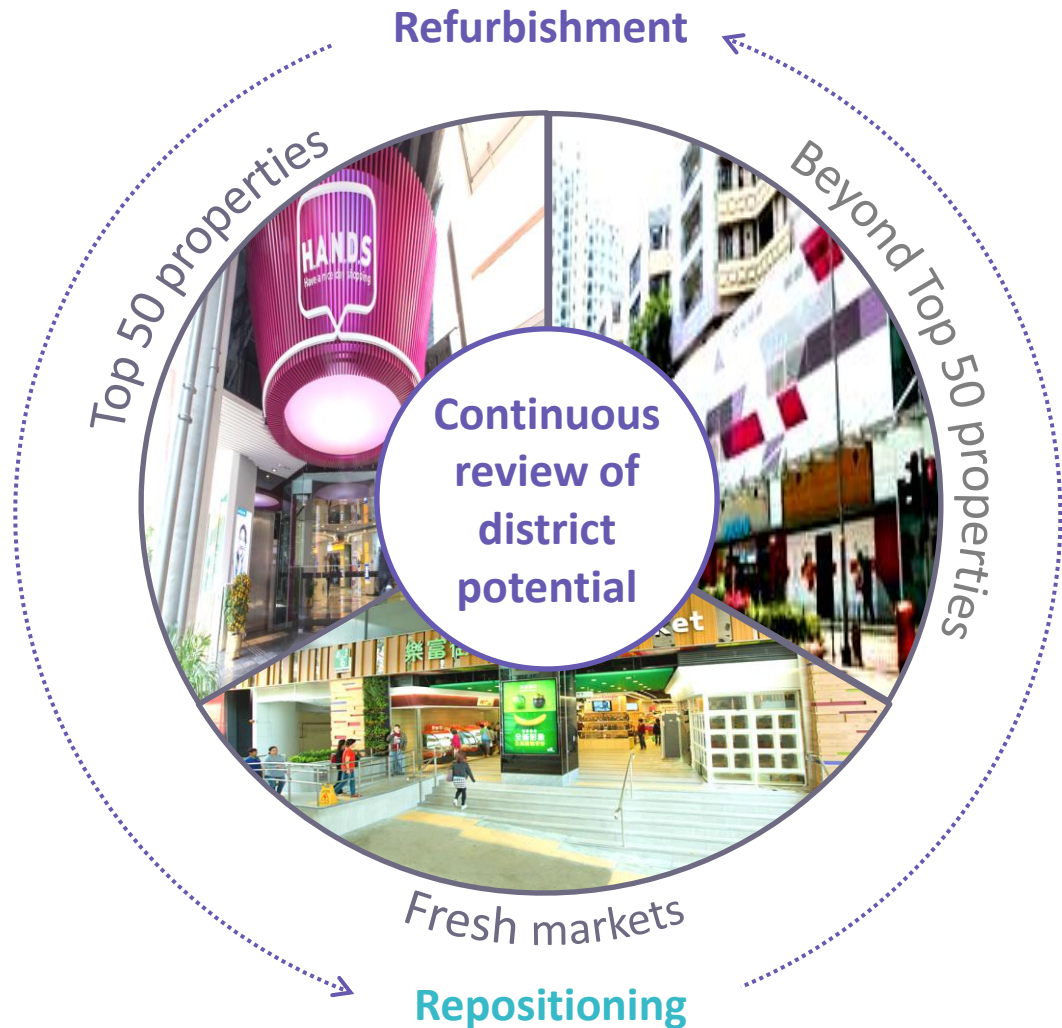
(3) Non-discretionary trades include food & beverage, supermarket and foodstuff.

# Asset Enhancement

## Multi-prong strategy to create value

### Objectives

- Enhancing shopping centre performance
- Capitalising on changing district / area potential
- Creating and delivering a consistent brand image
- Improving utilisation of internal floor area





# Asset Enhancement

## Continuous pipeline extending to 2020

### Completed Projects in FY14/15

**Hoi Fu, Mong Kok**  
Capex: HK\$39M / mid 14  
ROI <sup>(1)</sup>: 19.1%



**Mei Lam, Shatin**  
Capex: HK\$87M / late 14  
ROI <sup>(1)</sup>: 17.8%



**Un Chau, Cheung Sha Wan**  
Capex: HK\$64M / late 14  
ROI <sup>(1)</sup>: 21.5%



**H.A.N.D.S, Tuen Mun**  
Capex: HK\$477M / late 14  
ROI <sup>(1)</sup>: 15.3%



### Project Pipeline

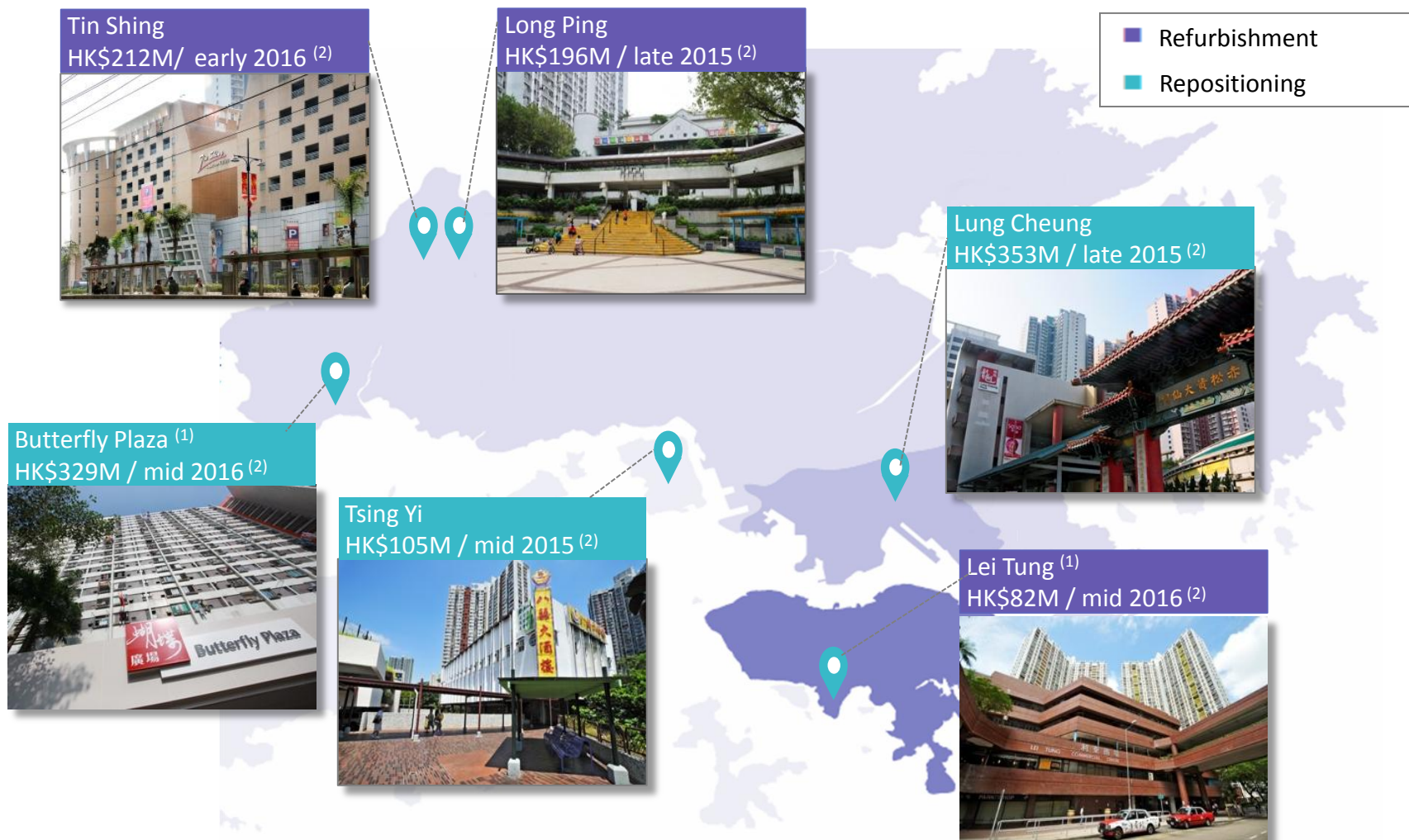


Notes: (1) Estimated return on investment ("ROI") is calculated based on projected net property income post project minus net property income pre-project divided by estimated project capital expenditures and loss of rental.

(2) Estimated figures as at 31 March 2015.

# Asset Enhancement

## Projects underway to enhance portfolio value



Notes: (1) Newly commenced projects  
(2) Estimated total capex / target completion date as at 31 March 2015

# Asset Enhancement

## Rebranding Lung Cheung Plaza & Wong Tai Sin Plaza as Temple Mall



- Integrate Lung Cheung and Wong Tai Sin as “one-mall”
- Unify identity and rebrand as **Temple Mall**
- Improve accessibility and enhance efficiency
- Reduce duplication in trades and enrich tenant mix to provide more choices for shoppers



Before



After



# Asset Acquisition

Extending Asset Management capabilities in Hong Kong and beyond

## 📍 Hong Kong



**Lions Rise Mall (2)**

- Immediately income-generating
- Synergy with existing portfolio
- Potential uplift in occupancy
- Catch up with market rent

**Consideration  
HK\$1,380M**

**Occupancy  
84% → 90+% (1)**

**Rental income  
increased 16%  
since acquisition**

**Property value  
RMB 2,500M**

**Occupancy  
99%**

**1/3 total leasable  
area expiring  
in 2015 & 2016**

- Immediately income-generating
- Strategic location
- Well-recognised market position
- Strong management team

## 📍 Mainland China



**Beijing EC Mall (3)**

Note: (1) Figure as at 31 March 2015.

(2) Acquisition was completed on 18 September 2014.

(3) Acquisition was completed on 1 April 2015.

# Property Development

## Design, build and hold for long-term income growth

<b>Location</b>	Commercial property development site in Kowloon East
<b>Development</b>	Grade-A office with retail element and car park
<b>Max. GFA</b>	884,000 sq. ft.
<b>Expected completion date</b>	June 2020
<b>Estimated Total Development Costs</b>	HK\$10.5 Billion
<b>JV structure</b>	The Link – 60% Nan Fung Development – 40%



# Asset Disposal

## Streamline portfolio and recycle capital

### Disposal Criteria

- Relatively smaller assets
- Lack of synergy
- Limited enhancement potential

Properties Disposed	9
Total Consideration	HK\$2,956 million
Premium to Valuation as at 31 March 2014	33%

### Recycle Capital for:

- New investment to expand portfolio
- Unit buyback
- Working capital to support operations



# BUSINESS STRATEGY AND OUTLOOK

# Expanded Business Model

Adding building blocks to secure long-term growth trajectory





# Core Growth Drivers

## Setting the blueprint for continuous growth

### CORE

#### ASSET MANAGEMENT

- Continue to upgrade tenant mix to offer more choices for shoppers
- Improve service standards
- Introduce innovative marketing campaigns
- Diligent cost control

#### ASSET ENHANCEMENT

- Identify opportunities amongst large and medium size properties
- Reposition properties to capitalise on district potential
- Refurbish properties to serve local communities
- Complementary fresh market upgrade

#### ASSET ACQUISITION

- Selective acquisitions in both Hong Kong and tier-1 megacities in Mainland China
- Target good quality retail and premium commercial properties with income and capital growth potential
- Disciplined extension of asset management capabilities to different asset types in Hong Kong and beyond

# New Growth Drivers

Building a more productive portfolio to extend future value

## NEW

## FUTURE

### ASSET DISPOSAL

- Dispose of non-core assets to streamline portfolio
- Provide flexible capital to create further value through:
  - Investing in other assets
  - Unit buyback
  - General working capital

### PROPERTY DEVELOPMENT

- Focus in Hong Kong in short term
- Prefers joint venture
- Early entry into property life cycle with lower entry costs
- Design and build to specifications to hold for long-term income

### PROPERTY RE-DEVELOPMENT

- Explore opportunities to re-develop existing properties with limited asset enhancement potential
- Extract additional values to generate long-term sustainable growth

## Market Overview



### Hong Kong

- Stable economic growth
- Mild slowdown in tourist growth
- Domestic consumption continue to grow



### Tier-1 Megacities in Mainland China

- Rising household income and urbanisation
- Government focus on quality of growth
- Stimulus measures to drive domestic consumption

## Outlook

Resilient portfolio  
delivers steady income growth

.....  
Contain expenses  
to track inflation

.....  
Sustain  
steady DPU growth

.....  
Selective acquisitions  
to create long-term value

.....  
Maintain strong  
capital structure

## Final Distribution

Ex Distribution date	23 June 2015
Distribution book close	25 June – 29 June 2015 (both days inclusive)
Record date for entitlement to cash distribution <sup>(1)</sup>	29 June 2015
Payment of cash distribution <sup>(1)</sup>	7 July 2015

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



Q&A's



# APPENDIX

## Additional Data 1: Income Statement Summary

	Year ended 31 Mar 2015 HK\$'M	Year ended 31 Mar 2014 HK\$'M	YoY %
Revenues	7,723	7,155	7.9
Property operating expenses	(2,054)	(1,953)	5.2
Net property income	5,669	5,202	9.0
General and administrative expenses <sup>(1)</sup>	(437)	(222)	96.8
Interest income	32	28	14.3
Finance costs on interest bearing liabilities	(359)	(393)	(8.7)
Gain on disposal of investment properties	445	-	N/A
Profit before taxation, change in fair values of investment properties and transactions with Unitholders	5,350	4,615	15.9
Change in fair values of investment properties	22,699	13,445	68.8
Taxation	(819)	(755)	8.5
<b>Profit for the year, before transactions with Unitholders</b>	<b>27,230</b>	<b>17,305</b>	<b>57.4</b>

Note: (1) Increase in general and administrative expenses was mainly due to transaction costs incurred for the acquisition of Lions Rise Mall and the disposal of nine properties during the year.

## Additional Data 2: Distribution Statement Summary

	Year ended 31 Mar 2015 HK\$'M	Year ended 31 Mar 2014 HK\$'M	YoY %
Profit for the year, before transactions with Unitholders	27,230	17,305	57.4
Change in fair values of investment properties	(22,699)	(13,445)	68.8
Gain on disposal of investment properties, net of transaction costs	(421)	-	N/A
Other non-cash income	(46)	(30)	53.3
Total distributable income	4,064	3,830	6.1
Discretionary distribution <sup>(1)</sup>	128	-	N/A
<b>Total distributable amount</b>	<b>4,192</b>	<b>3,830</b>	<b>9.5</b>
<b>Distribution per unit (HK cents)</b>	<b>182.84</b>	<b>165.81</b>	<b>10.3</b>

Note: (1) Total distributable amount included discretionary distribution of HK\$128m paid as part of interim distribution to offset the transaction costs relating to the acquisition of Lions Rise Mall in September 2014.



## Additional Data 3: Revenue Analysis

	Year ended 31 Mar 2015 HK\$'M	Year ended 31 Mar 2014 HK\$'M	YoY %	Percentage contribution Year ended 31 Mar 2015 %
<b>Retail rentals:</b>				
Shops <sup>(1)</sup>	4,638	4,338	6.9	60.1
Markets / Cooked Food Stalls	767	695	10.4	9.9
Education / Welfare / Office / Ancillary	145	137	5.8	1.9
Mall Merchandising	161	156	3.2	2.1
<b>Car park rentals:</b>				
Monthly	1,224	1,108	10.5	15.8
Hourly	432	386	11.9	5.6
<b>Expenses recovery and other miscellaneous revenue:</b>				
Property related revenue <sup>(2)</sup>	356	335	6.3	4.6
<b>Total</b>	<b>7,723</b>	<b>7,155</b>	<b>7.9</b>	<b>100.0</b>

Notes: (1) Rental from shops includes turnover rent of HK\$169 million (2014: HK\$141 million).

(2) Including other revenue from retail properties of HK\$353 million (2014:HK\$331 million) and car park portfolio of HK\$3 million (2014:HK\$4 million).

## Additional Data 4: Expenses Analysis

	Year ended 31 Mar 2015 HK\$'M	Year ended 31 Mar 2014 HK\$'M	YoY %	Percentage contribution Year ended 31 Mar 2015 %
Property managers' fees, security and cleaning	554	543	2.0	27.0
Staff costs	381 <sup>(1)</sup>	325	17.2	18.5
Repair and maintenance	201	200	0.5	9.8
Utilities	300	296	1.4	14.6
Government rent and rates	236	209	12.9	11.5
Promotion and marketing expenses	108	111	(2.7)	5.3
Estate common area costs	113	114	(0.9)	5.5
Other property operating expenses	161	155	3.9	7.8
<b>Total property expenses</b>	<b>2,054</b>	<b>1,953</b>	<b>5.2</b>	<b>100.0</b>

Note: (1) Included higher long-term incentive plan accrual due to unit price appreciation from HK\$38.15 to HK\$47.80.

## Additional Data 5: Financial Position & Investment Properties

### Financial Position Summary

HK\$'M	As at 31 Mar 2015	As at 30 Sep 2014	As at 31 Mar 2014
Total Assets	143,144	129,932	113,466
Total Liabilities	25,038	19,322	17,115
<b>Net Assets Attributable to Unitholders</b>	<b>118,106</b>	110,610	96,351
Units in Issue (M)	2,291.8	2,293.2	2,310.9
<b>Net Asset Value Per Unit</b>	<b>\$51.53</b>	\$48.23	\$41.69

### Fair Value of Investment Properties

HK\$'M	As at 31 Mar 2015	As at 30 Sep 2014	As at 31 Mar 2014
At beginning of period / year	109,899	109,899	95,366
Acquisition	1,320 <sup>(1)</sup>	1,320	-
Additions	6,969 <sup>(2)</sup>	403	1,088
Disposals	(2,504)	(897)	-
Change in fair values of investment properties	22,699	14,761	13,445
At end of period / year	138,383	125,486	109,899

Note: (1) Represents acquisition of Lions Rise Mall only. Acquisition of Beijing EC Mall was completed on 1 April 2015.

(2) Additions include property under development in Kowloon East of HK\$5,880 million.

## Additional Data 6: Valuation

HK\$'M	As at 31 Mar 2015	As at 30 Sep 2014	As at 31 Mar 2014
Retail properties	107,326	102,492	91,245
Car parks	25,177	22,994	18,654
Property under development	5,880	-	-
<b>Total</b>	<b>138,383</b>	<b>125,486</b>	<b>109,899</b>

### Income Capitalisation Approach – Capitalisation Rate

Retail properties	3.40 – 5.20%	3.40 – 5.80 %	4.40 – 6.60 %
Retail properties: weighted average	4.57%	4.76%	5.09 %
Car parks	3.80 – 6.00%	3.80 – 6.60 %	4.80 – 7.60 %
Car parks: weighted average	4.78%	5.09 %	6.16 %
Overall weighted average	4.61%	4.82 %	5.27 %

### DCF Approach

Discount rate	7.50%	7.50 %	7.50 %
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## Additional Data 7: Retail Portfolio by Valuation

	Valuation HK\$'M	Retail rentals HK\$'M	Average monthly unit rent HK\$ psf		Occupancy rate %	
	As at 31 Mar 2015	Year ended 31 Mar 2015	As at 31 Mar 2015	As at 31 Mar 2014	As at 31 Mar 2015	As at 31 Mar 2014
1-10	28,453	1,433	64.5	60.5	98.4	98.7
11-50	50,892	2,627	49.8	46.1	95.5	95.8
51-100	24,118	1,360	34.6	32.1	92.8	91.7
Remaining	3,863	233	23.3	22.2	92.1	89.6
Properties disposed	-	58				
Overall	107,326	5,711	45.4	42.5	94.8	94.4

Note: (1) Properties ranked by retail valuation as at 31 March 2015. Figures for 2014 exclude nine properties disposed in July and December 2014.

## Additional Data 8: Retail Trade Mix by Monthly Base Rent

	As at 31 Mar 2015 %	As at 31 Mar 2014 %	YoY ppts
Food and Beverage	25.2	24.9	0.3
Supermarket and Foodstuff	22.8	22.9	(0.1)
Markets / Cooked Food Stalls	14.1	14.3	(0.2)
Education / Welfare, Office and Ancillary	1.3	1.3	-
Services	11.1	11.1	-
Personal Care, Medicine, Optical, Books and Stationery	8.2	8.3	(0.1)
Valuable Goods (Jewellery, Watches and Clocks)	0.6	0.7	(0.1)
Others <sup>(1)</sup>	16.7	16.5	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>

Note: (1) Including clothing, department store, electrical and household products, leisure and entertainment.

## Additional Data 9: Portfolio Metrics

	As at 31 Mar 2015	As at 31 Mar 2014	Change
<b>Average monthly unit rent (psf pm)</b>			
■ Shops	HK\$ 45.7	HK\$ 42.3	8.0%
■ Overall (ex Self use office)	HK\$45.4	HK\$ 42.1	7.8%
<b>Occupancy rate</b>			
■ Shops	96.5%	96.6 %	(0.1)ppts
■ Overall	94.8%	94.4 %	0.4ppts
	<b>Year ended 31 Mar 2015</b>	<b>Year ended 31 Mar 2014</b>	<b>YoY Change</b>
<b>Composite reversion rate</b>			
■ Shops	23.3%	25.8 %	(2.5)ppts
■ Overall	22.0%	25.7 %	(3.7)ppts
<b>Net property income margin</b>	73.4%	72.7 %	0.7ppts
<b>Car park income per space per month</b>	HK\$ 1,767	HK\$ 1,566	12.8%

## Additional Data 10: Lease Expiry Profile

<b>As at 31 March 2015</b>	<b>As % of total IFA %</b>	<b>As % of monthly base rent %</b>
FY 2015/16	<b>35.7</b>	<b>32.4</b>
FY 2016/17	<b>23.3</b>	<b>28.2</b>
FY 2017/18 and Beyond	<b>30.8</b>	<b>34.7</b>
Short-term Lease and Vacancy	<b>10.2</b>	<b>4.7</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>



## Additional Data 11: Key Credit Metrics by Rating Agencies

	As at 31 Mar 15 <sup>(3)</sup>	As at 31 Mar 14 <sup>(4)</sup>	S&P (A / Stable)	Moody's (A2 / Stable)
Total debt / total assets	11.9%	11.0%	N/A	< 30%
Debt / debt and equity <sup>(1)</sup>	10.9%	9.8%	< 35%	N/A
FFO <sup>(2)</sup> / debt	29.6%	39.3%	> 15%	N/A
EBITDA interest coverage	13.2x	12.6x	N/A	> 3.5x
Total debt / EBITDA	3.2x	2.5x	N/A	< 5.0x

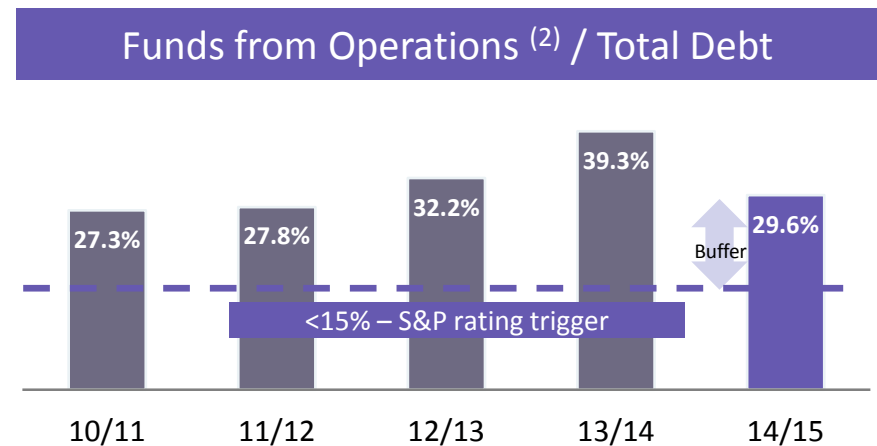
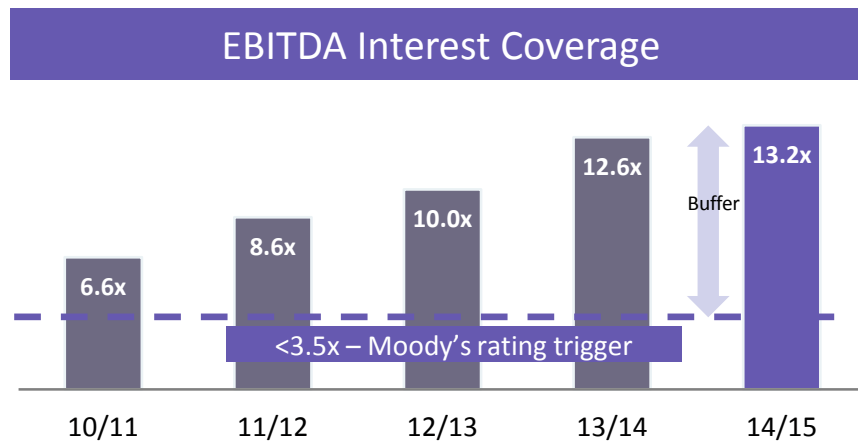
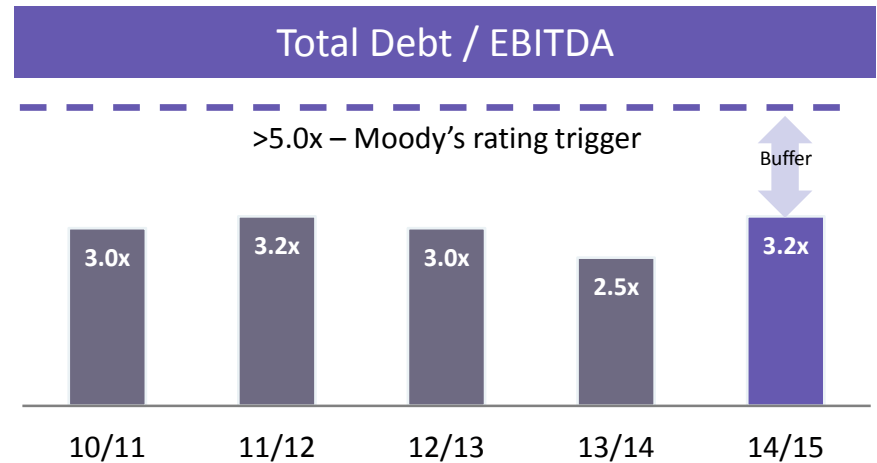
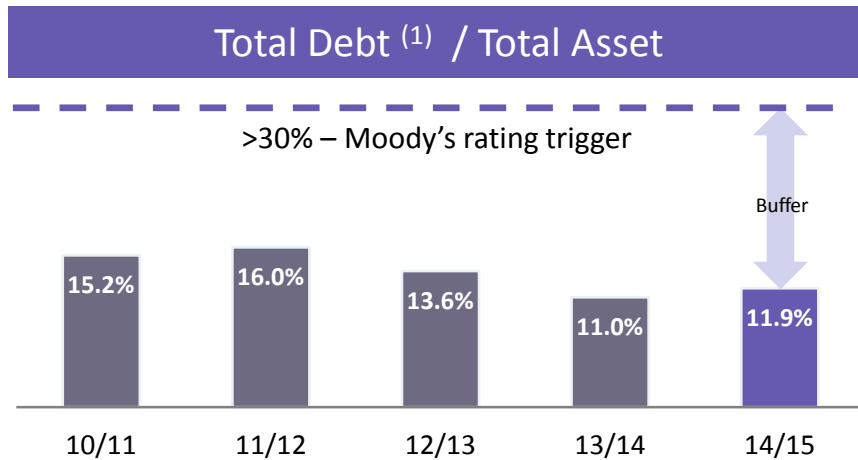
Notes: (1) Equity is equal to net assets attributable to Unitholders.

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

(3) Preliminary figures to be confirmed by rating agencies.

(4) Figures based on reports of rating agencies.

## Additional Data 12: Credit Profile – Strong Credit Metrics



Notes: (1) Total Debt is calculated as Short Term Borrowings + Long Term Borrowings.

(2) Funds from Operations is calculated by net cash generated from operating activities with adjustments for operating lease expense and interest.

# Disclaimer

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