



Completion of
Strategic Review and
Disposal of Properties

29 November 2017

Completion of Strategic Review

Background

- Engaged HSBC, UBS and C&W in July 2017 as advisors to assess strategic options for Link
- Overall objective was to **optimise asset portfolio** and **maximise value for Unitholders** in the long run

Review process

- Studied various growth options by referencing to leading international REITs and property investment peers
- Consulted with legal advisers and regulators on various options

Review outcome

1. Link is **well-positioned to continue on the current growth trajectory** with the existing growth drivers
2. Capital recycling strategy has served Link well, with approx. HK\$12 billion⁽¹⁾ raised so far which have partially financed our acquisitions amounting to approx. HK\$30 billion⁽²⁾ in aggregate
3. A spin-off of a part of the current portfolio may not be the most favourable option to Unitholders
4. Other options will require more time to explore and will not be pursued in the near future

Capital recycling remains the most efficient way to sustain growth trajectory

Notes:

(1) As at 30 September 2017

(2) Include Nan Fun Plaza, Maritime Bay, Lions Rise Mall, The Quayside development, Beijing EC Mall, Link Square 1&2, 700 Nathan Road, and Metropolitan Plaza

Disposal of Properties / Target Group Overview



No. of properties involved	Aggregate appraised value ⁽¹⁾ (HK\$B)	Aggregate consideration ⁽²⁾ (HK\$B)	Premium to aggregate appraised value
17	15.2	23	51.7%

Target Group

- Cheung Hang
- H.A.N.D.S⁽³⁾
- Yung Shing
- Lee On
- Kai Yip
- Shek Lei
- Kwai Fong
- Shun Tin
- Kam Tai
- Tai Wo Hau
- Kwai Shing East
- Tsing Yi
- Lei Cheng Uk
- Tsz Ching
- Lai Kok
- Lions Rise

Book value⁽¹⁾ HK\$15.2B

Premium +51.7%

**Disposal gain^(2,4)
HK\$7,393M**

**Completion of transaction
28 February
2018**

- A diversified retail portfolio packaged as a bundle with unprecedented size to appeal to a broad array of investors
- Received overwhelming interests from Asian and global funds as well as local investors
- Satisfactory results reflect strong interests in Hong Kong's retail property market and confidence in economy

Notes:

- (1) Appraised value as at 30 September 2017
- (2) Subject to completion adjustment
- (3) H.A.N.D.S includes On Ting and Yau Oi
- (4) After deducting expenses

Use of Proceeds

New Investments

Upgrade portfolio and create value

Potential acquisitions in Hong Kong and PRC first-tier cities

Debt Repayment

Strengthen capital structure

Maintain flexibility and reduce interest rate expenses

Return of Capital

Neutralise DPU loss

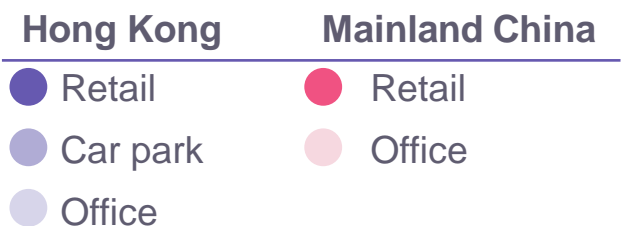
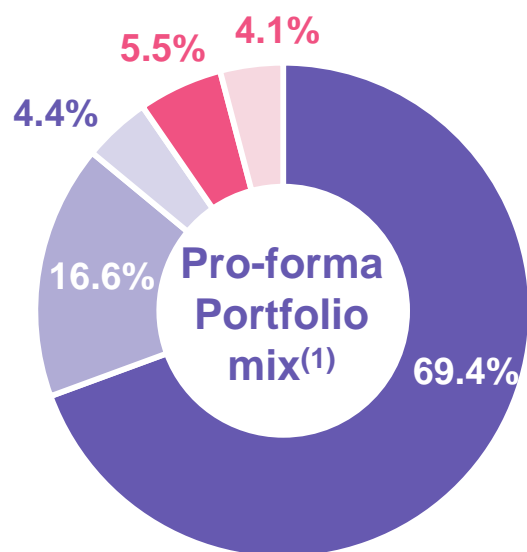
Unit buyback continues as the key method

Working Capital

Finance CAPEX and others

Meet ongoing corporate needs in development and asset enhancements

Pro-forma Financials after Disposals (1) Portfolio and Financial Overview



	As at 30 Sep 2017 Pro-forma ⁽²⁾	As at 30 Sep 2017 Actual
Total portfolio value	HK\$174,653M	HK\$189,818M
NAV per unit	HK\$70.47	HK\$67.11
Gearing ratio ⁽³⁾	17.0%	17.4%
Available liquidity ⁽³⁾	HK\$24.9B	HK\$4.6B

Notes:

(1) By valuation as at 30 September 2017

(2) Assume all asset disposals to date (including the previously completed disposals of 28 assets and the current disposal of 17 assets) are excluded

(3) Assume the disposal of 17 assets completed on 30 September 2017 with all disposal proceeds retained as cash

Pro-forma Financials after Disposals (2)

HK Portfolio – Revenue Analysis



	Six months ended 30 Sep 2017 Pro-forma ⁽¹⁾ (HK\$'M)	Six months ended 30 Sep 2017 Actual (HK\$'M)	Year ended 31 Mar 2017 Pro-forma ⁽¹⁾ (HK\$'M)	Year ended 31 Mar 2017 Actual (HK\$'M)
Retail rentals:				
Shops ⁽²⁾	2,447	2,704	4,528	5,140
Markets / Cooked Food Stalls	414	451	808	893
Education / Welfare and Ancillary	65	73	126	147
Mall Merchandising	89	96	158	172
Car park rentals:				
Monthly	672	769	1,221	1,456
Hourly	226	253	418	484
Expenses recovery and other miscellaneous revenue:				
Property related revenue ⁽³⁾	184	204	347	389
Total	4,097	4,550	7,606	8,681

Notes:

- (1) Assume all asset disposals to date (including the previously completed disposals of 28 assets and the current disposal of 17 assets) are excluded from the revenue analysis
- (2) Rental from shops includes turnover rent
- (3) Including other revenue from retail properties and car park portfolio

Pro-forma Financials after Disposals (3)

HK Portfolio – Expense Analysis



	Six months ended 30 Sep 2017 Pro-forma ⁽¹⁾ (HK\$'M)	Six months ended 30 Sep 2017 Actual (HK\$'M)	Year ended 31 Mar 2017 Pro-forma ⁽¹⁾ (HK\$'M)	Year ended 31 Mar 2017 Actual (HK\$'M)
Property managers' fees, security and cleaning	244	280	467	557
Staff costs	197	224	354	417
Repair and maintenance	88	101	185	219
Utilities	153	172	254	291
Government rent and rates	131	144	254	282
Promotion and marketing expenses	46	50	110	121
Estate common area costs	43	51	84	106
Other property operating expenses	63	71	131	153
Total property expenses	965	1,093	1,839	2,146

Note:

(1) Assume all asset disposals to date (including the previously completed disposals of 28 assets and the current disposal of 17 assets) are excluded from the expenses analysis

Pro-forma Financials after Disposals (4)

HK Retail Portfolio – Operational Data

By Shopping Centre Categories

Properties ⁽¹⁾	No. of properties		Total area ('000 sq. ft.)		Valuation (HK\$'M)		Retail rentals (HK\$'M)		Average monthly unit rent (HK\$ psf)		Occupancy rate (%)	
	As at 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017	Six months ended 30 Sep 2017	Six months ended 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017	As at 30 Sep 2017
	Pro-forma ⁽²⁾	Actual	Pro-forma ⁽²⁾	Actual	Pro-forma ⁽²⁾	Actual	Pro-forma ⁽²⁾	Actual	Pro-forma ⁽²⁾	Actual	Pro-forma ⁽²⁾	Actual
Destination	5	6	1,132	1,325	21,393	23,964	540	615	81.6	79.2	96.9	97.0
Community	33	34	3,903	3,970	63,347	64,625	1,666	1,687	69.3	69.1	96.9	96.9
Neighbourhood	70	85	3,184	4,097	30,636	38,061	809	1,022	43.7	42.4	95.2	95.5
700 Nathan Road	1	1	N/A	N/A	5,878	5,878	-	-	-	-	N/A	N/A
Overall	109	126	8,219	9,392	121,254	132,528	3,015	3,324	61.2	59.0	96.2	96.3

Disposal has enhanced the overall quality of our portfolio in Hong Kong

Notes:

(1) Property categorisation as at 30 September 2017

(2) Assume all asset disposals to date (including the previously completed disposals of 28 assets and the current disposal of 17 assets) are excluded from the portfolio analysis

Appendix 1

Disposal of Properties / Target Group

Property Particulars



	Six months ended 30 September 2017		Year ended 31 March 2017		Valuation ⁽¹⁾ (HK\$'M)	Consideration (HK\$'M)
	Turnover (HK\$'000)	NPI (HK\$'000)	Turnover (HK\$'000)	NPI (HK\$'000)		
Cheung Hang	17,875	12,597	34,236	23,817	577	918
Kai Yip	17,737	11,714	35,755	25,936	636	1,010
Kam Tai	24,961	19,110	49,859	38,592	840	1,351
Lei Cheng Uk	16,378	11,509	31,938	23,000	574	822
H.A.N.D.S⁽²⁾	97,225	71,805	188,214	142,559	3,053	5,070
Shek Lei	49,381	34,711	94,997	65,775	1,602	2,439
Tai Wo Hau	29,206	21,847	55,132	40,465	903	1,468
Tsz Ching	22,226	17,650	40,460	31,893	684	1,146
Yung Shing	19,345	13,545	39,099	28,158	659	859
Kwai Fong	29,313	20,751	57,047	40,541	963	1,481
Kwai Shing East	30,815	19,814	57,138	36,529	922	1,354
Lai Kok	12,675	7,376	23,989	14,578	434	607
Lee On	24,022	19,423	47,067	36,548	816	1,269
Shun Tin	18,663	13,213	34,693	26,794	600	973
Tsing Yi	18,513	13,486	36,241	27,010	570	962
Lions Rise	24,580 ⁽³⁾	15,779 ⁽³⁾	51,070 ⁽³⁾	37,832 ⁽³⁾	1,332	1,271 ⁽⁴⁾
Total					15,165	23,000

Notes:

(1) Appraised value as at 30 September 2017

(2) Figures represent the aggregate numbers of On Ting and Yau Oi

(3) Represents the financial information of LLRM, the wholly-owned subsidiary of Metro Pilot shares of which are being disposed

(4) Subject to completion adjustment

Appendix 2

Summary of Disposals

	No. of disposed properties	Total transacted price (HK\$M)	Premium to valuation
2014/2015	9	2,956	33% ⁽¹⁾
2015/2016	5	1,716	30% ⁽²⁾
2016/2017	14	7,288	24% ⁽³⁾
2017/2018	17	23,000 ⁽⁵⁾	52% ⁽⁴⁾
Total	45	34,960	

Notes:

- (1) Compared to valuation as at 31 March 2014
- (2) Compared to valuation as at 30 September 2015
- (3) Involved 14 properties. Compared to aggregate valuation as at 31 March 2016 and 30 September 2016, as appropriate
- (4) Compared to valuation as at 30 September 2017
- (5) Subject to completion adjustment

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