



2017/2018  
Annual Results

6 June 2018

# Delivering Another Year of Impressive Results

## Revenue

**+ 9.4% YoY Like-for-like <sup>(1)</sup>**  
+ 8.3% YoY

**HK\$10,023M**

## Net property income

**+ 10.7% YoY Like-for-like <sup>(1)</sup>**  
+ 9.6% YoY

**HK\$7,663M**

## Distribution per unit

+ 9.4% YoY

**HK249.78 cents**

## Total asset value

+ 23.0% vs 31 Mar 2017

**HK\$216,404M**



Notes:

(1) Excluding properties divested and acquired during the periods under analysis.

(2) All figures for the year ended 31 March 2018.

# Completion of Strategic Review and Divestment of Properties

Divestment summary		Use of proceeds	
No. of properties	Unit buyback	New investments	
17	Acquire up to 80m more units to neutralise divestment impact on DPU subject to market conditions and regulations	Seek acquisition opportunities in Hong Kong and Mainland China Tier 1 cities to sustainably upgrade portfolio for both yield and capital growth	
Aggregate consideration	Debt repayment		Working capital
HK\$23B	Strengthen capital structure and capacity for potential acquisitions		Meet ongoing corporate needs in development and enhancement
Completion of transaction			
28 Feb 2018			

# Portfolio Management Strategy Since FY2011/12 to Sustain Growth Trajectory

## Active portfolio management

### Acquisitions

- 4 properties in Hong Kong
- 3 properties in Mainland China
- 1 property development project in Hong Kong



**Spending  
HK\$31B**  
Since Apr 11

### Divestments

- 45 non-core properties



**Raising  
HK\$35B**  
Since Apr 11

## Improved portfolio efficiency

### Better portfolio quality

**Valuation  
+17.1%<sup>(1)</sup>**  
CAGR

### Robust return on investment

**Unit price  
+15.5%<sup>(1)</sup>**  
CAGR

**DPU  
+12.4%<sup>(1)</sup>**  
CAGR

## Better resource allocation

### Improved market value

**Net asset value per unit  
+18.9%<sup>(1)</sup>**  
CAGR

Note:

(1) Represents compound annual growth rate from FY2011/12 to FY2017/18.

# Financial Review

# Robust Financial Performance



	Year ended 31 Mar 2018 HK\$'M	Year ended 31 Mar 2017 HK\$'M	YoY Change	Like-for-like <sup>(1)</sup> Change
<b>Revenue</b>	<b>10,023 <sup>(2)</sup></b>	<b>9,255 <sup>(2)</sup></b>	<b>+8.3%</b>	<b>+9.4%</b>
Property operating expenses	(2,360)	(2,261)	+4.4%	+5.0%
<b>Net property income</b>	<b>7,663 <sup>(3)</sup></b>	<b>6,994 <sup>(3)</sup></b>	<b>+9.6%</b>	<b>+10.7%</b>
Total distributable income	5,281	4,992	+5.8%	
Discretionary distribution	150 <sup>(4)</sup>	83 <sup>(4)</sup>	+80.7%	
Total distributable amount	5,431	5,075	+7.0%	
<b>Distribution Per Unit (HK cents)</b>	<b>249.78</b>	<b>228.41</b>	<b>+9.4%</b>	

Notes:

(1) Excluding properties disposed and acquired during the periods under analysis.

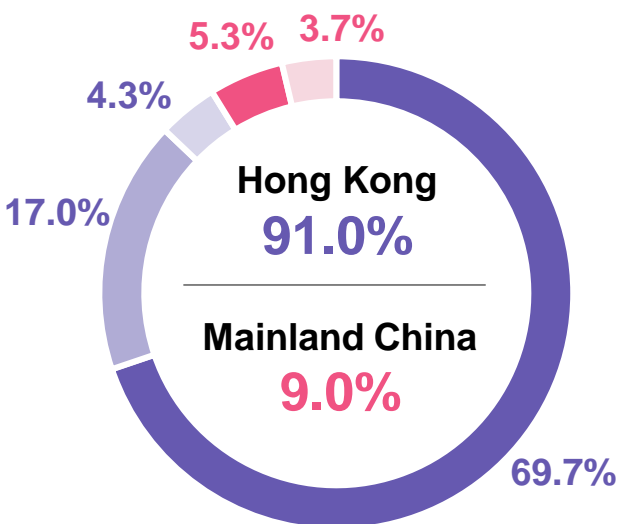
(2) Includes revenue of HK\$884M (2017: HK\$574M) from Mainland China portfolio.

(3) Includes net property income of HK\$684M (2017: HK\$459M) from Mainland China portfolio.

(4) Discretionary distribution was related to adjustment for depreciation charge on investment properties under China Accounting Standards during the year, which resulted in a payout ratio of 103% (2017: 102%).

# Improved Portfolio Quality Increased Portfolio Value

## Portfolio mix <sup>(1)</sup>



## Total portfolio value

**+25.4%** vs 31 Mar 2017 Like-for-like <sup>(2)</sup>  
+16.7% vs 31 Mar 2017

**HK\$203,091M**

## NAV per unit

**+33.0%** vs 31 Mar 2017

**HK\$83.06**

	Valuation		Weighted average capitalisation rate	
	Mar-18 (HK\$'M)	Change vs Mar-17	Mar-18 (%)	Change vs Mar-17
<b>Hong Kong</b>				
● Retail	141,513	+13.4%	3.98	-0.55 pts
● Car park	34,510	+12.0%	4.14	-0.60 pts
● Office <sup>(3)</sup>	8,733	+18.8%	-	N/A
<b>Mainland China</b>				
● Retail	10,701	+142.7%	4.50 - 4.75	-
● Office	7,634	+14.0%	4.25	-

**Compression of capitalisation rates to reflect transacted price of properties divested during the financial year**

### Notes:

- (1) By valuation as at 31 March 2018.
- (2) Excluding properties divested and acquired during the periods under analysis.
- (3) Hong Kong office is under development and is valued using residual method.

# Strengthened Capital Structure Post Divestment

	HK\$'B		%	
	Mar-18	Sep-17	Mar-18	Sep-17
Bank loans	10.0	17.5	38.0	51.8
Medium Term Notes	16.3	16.3	62.0	48.2
<b>Total debt (all unsecured)</b>	<b>26.3</b>	<b>33.8</b>	<b>100.0</b>	<b>100.0</b>
Cash	11.7	0.6	51.5	13.0
Undrawn facilities	11.0	4.0	48.5	87.0
<b>Total liquidity</b>	<b>22.7</b>	<b>4.6</b>	<b>100.0</b>	<b>100.0</b>

Effective interest rate

2.89%

Gearing ratio

-5.5% ppts <sup>(3)</sup>

11.9%

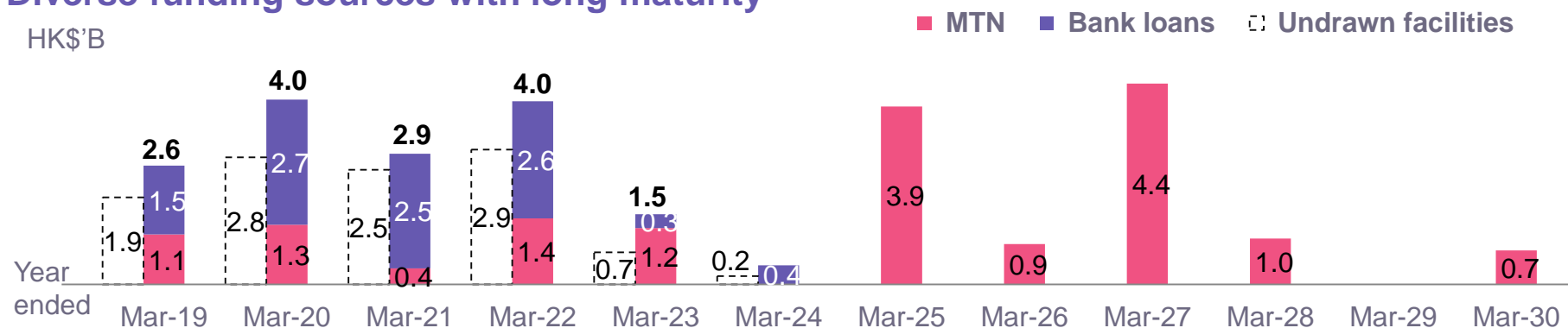
Total liquidity

+HK\$18.1M <sup>(3)</sup>

HK\$22.7B

## Diverse funding sources with long maturity <sup>(2)</sup>

HK\$'B



Notes:

(1) All figures as at 31 March 2018.

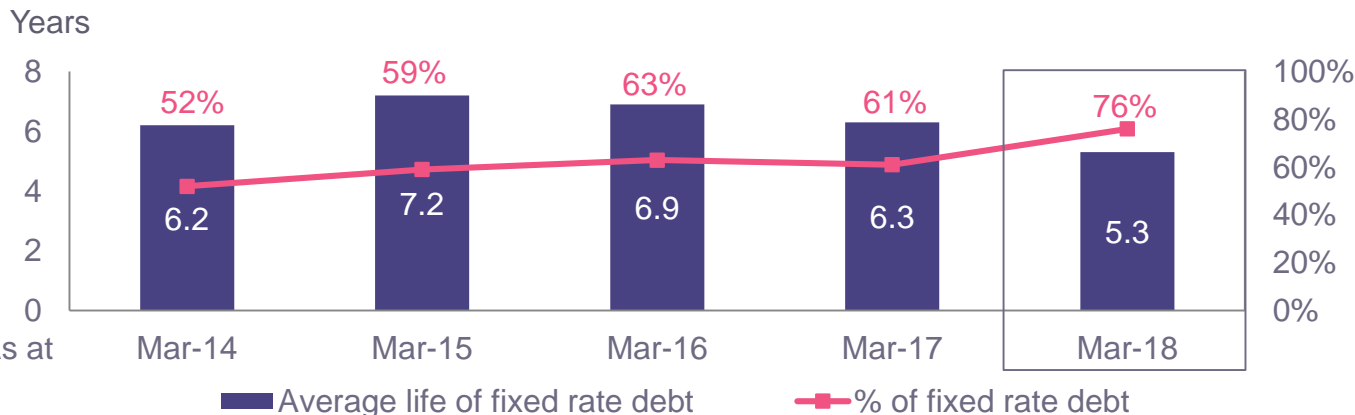
(2) All amounts are at face value.

(3) Compared with figure as at 30 September 2017.



# Improved Credit Matrix Provides Further Flexibility

## Ample protection from rise in interest rates



Fixed rate debt/  
total debt

**76%**

## Key credit metrics by rating agencies

	As at 31 Mar 2018 <sup>(2)</sup>	As at 30 Sep 2017	S&P requirement (A / Stable)	Moody's requirement (A2 / Stable)
Total debt / total assets	11.9%	17.4%	N/A	< 30%
FFO <sup>(1)</sup> / debt	21.2%	16.6% <sup>(2)</sup>	> 12%	N/A
EBITDA interest coverage	8.5 x	8.5 x	N/A	> 5.0x
Total debt / EBITDA	3.5 x	4.8 x	N/A	< 5.5x

Credit ratings

**A/Stable**  
S&P

**A2/Stable**  
Moody's

Notes:

(1) Funds from operations is net cash generated from operating activities adjusted by operating lease expenses, interest expenses and income.

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

# Hong Kong Portfolio

# Healthy Growth in Hong Kong Retail Portfolio

## Retail rentals

(HK\$'M)

Actual

+5.3%

6,352

6,691

Like-for-like (1)

+9.5%

5,602

6,133

Year ended  
FY16/17 FY17/18

FY16/17 FY17/18

## Reversion rate

**29.1%**

+5.3% YoY

## Occupancy

**97.0%**

+0.9% YoY

## Average unit rent

**HK\$62.4 psf**

+12.8% YoY

## Tenants sales growth

**8.0%**

+4.0% YoY

## Rent-to-sales ratio

**12.9%**

+0.8% YoY

Notes:  
(1) Excluding properties divested and acquired during the periods under analysis.  
(2) All figures for the year ended 31 March 2018, except otherwise stated.

# Car Park Demand Remained Strong

## Car park rentals

(HK\$'M)

Actual

+5.5%

1,940

2,046

Like-for-like <sup>(1)</sup>

+10.9%

1,639

1,818

FY16/17

FY17/18

## Car park income per space per month

**HK\$2,492**

+11.3% YoY

## Average valuation per space

**HK\$567K**

+27.1% YoY

Notes:  
(1) Excluding properties divested and acquired during the periods under analysis.  
(2) All figures for the year ended 31 March 2018, except otherwise stated.

# Effective Cost Control

Property operating expenses	Year ended 31 Mar 2018 HK\$'M	Change
Property manager's fees, security & cleaning	570	+2.3%
Staff costs	431	+3.4%
Repair & maintenance	211	-3.7%
Utilities	284	-2.4%
Government rents & rates	288	+2.1%
Promotion & marketing	136	+12.4%
Estate common area costs	100	-5.7%
Other property operating expenses	140	-8.5%
<b>Total</b>	<b>2,160</b>	<b>+0.7%</b>

→ 6.2% increase in statutory minimum wage in May 2017

→ More marketing events at Destination Centres

## Hong Kong portfolio NPI margin

Like-for-like  
**77.0%**  
+1.1% YoY <sup>(1)</sup>

Actual  
**76.4%**  
+1.1% YoY

Note:

(1) Excluding properties divested and acquired during the periods under analysis.

# Asset Enhancements with Solid Returns



Projects completed in 2H FY17/18	CAPEX (HK\$'M)	ROI (%) <sup>(1)</sup>
Temple Mall South	151	30.7
Siu Sai Wan Plaza	56	25.0
Lok Wah Commercial Centre	46	15.3
Tsz Wan Shan Shopping Centre	70	24.8
Tsui Ping North Shopping Circuit	37	30.1
TKO Market <sup>(2)</sup>	91	15.3
Hin Keng Shopping Centre	35	40.4
Tin Chak Shopping Centre	41	15.2

Record number of  
AE completions  
in FY17/18

14

Total CAPEX  
in FY17/18

HK\$1,044M

ROI range

15.2% - 40.4%

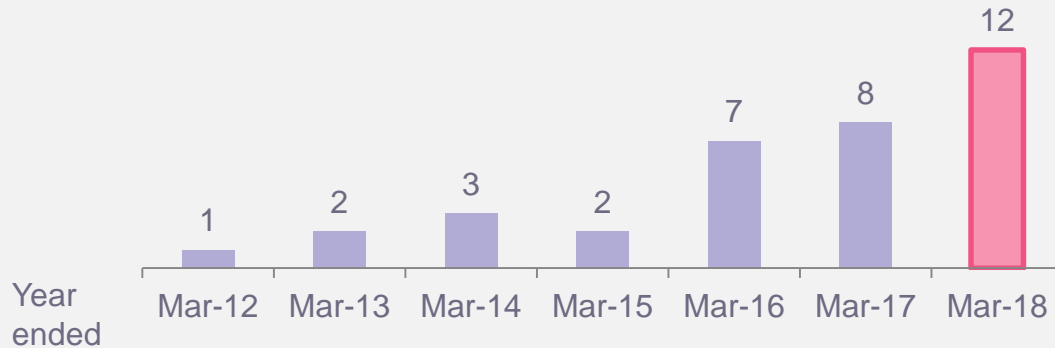
Notes:

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

(2) Included fresh market upgrade.

# Record Year for Fresh Market Renovations

Number of fresh market asset enhancement projects completed <sup>(1)</sup>



Fresh market AE projects completed to date

35

Notes:

- (1) As at 31 March 2018.
- (2) Include both direct management and single letting markets' asset enhancement projects.



TKO Market



# Extensive Asset Enhancement Pipeline Till 2022 and Beyond



## AE CAPEX underway

**HK\$912M**

### Project estimates

Mid 18	CAPEX (HK\$'M)	Late 18	CAPEX (HK\$'M)	Early 19	CAPEX (HK\$'M)
Wan Tsui	151	Kai Tin	34	Shun Lee	76
Homantin <sup>(2)</sup>	124	Cheung Fat	98	Lok Fu Place	151
Sam Shing	32	Fu Tai	59	Choi Ming	94
Fu Shin <sup>(2)</sup>	93				

## AE pipeline

	FY18/19	FY19/20	FY20/21	FY21/22+
Projects underway	10 (HK\$912M)			
Projects to commence		4 (HK\$559M)		
Others under planning			>20 (>HK\$1,300M)	

Notes:

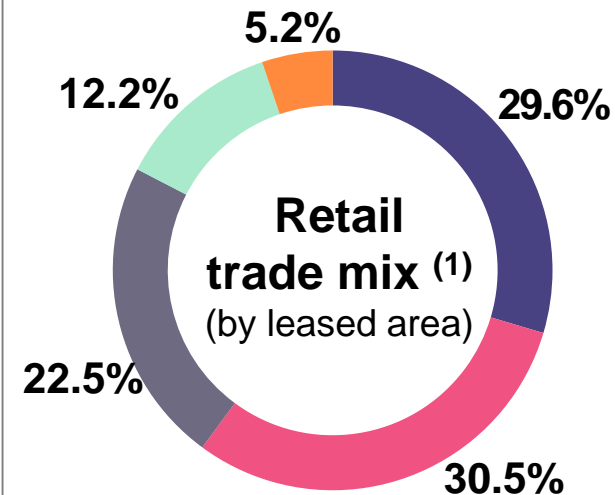
(1) Estimated costs/ target completion dates as at 31 March 2018.

(2) Include fresh market upgrade.



# Mainland China Portfolio

# Retail Properties in Mainland China Delivering Promising Growth



- Food & beverage
- Fashion
- General retail & others
- Leisure & entertainment
- Supermarket & foodstuff

## Occupancy

<b>100.0%</b>	<b>99.2%</b>
EC Mall	Metropolitan Plaza

## Reversion

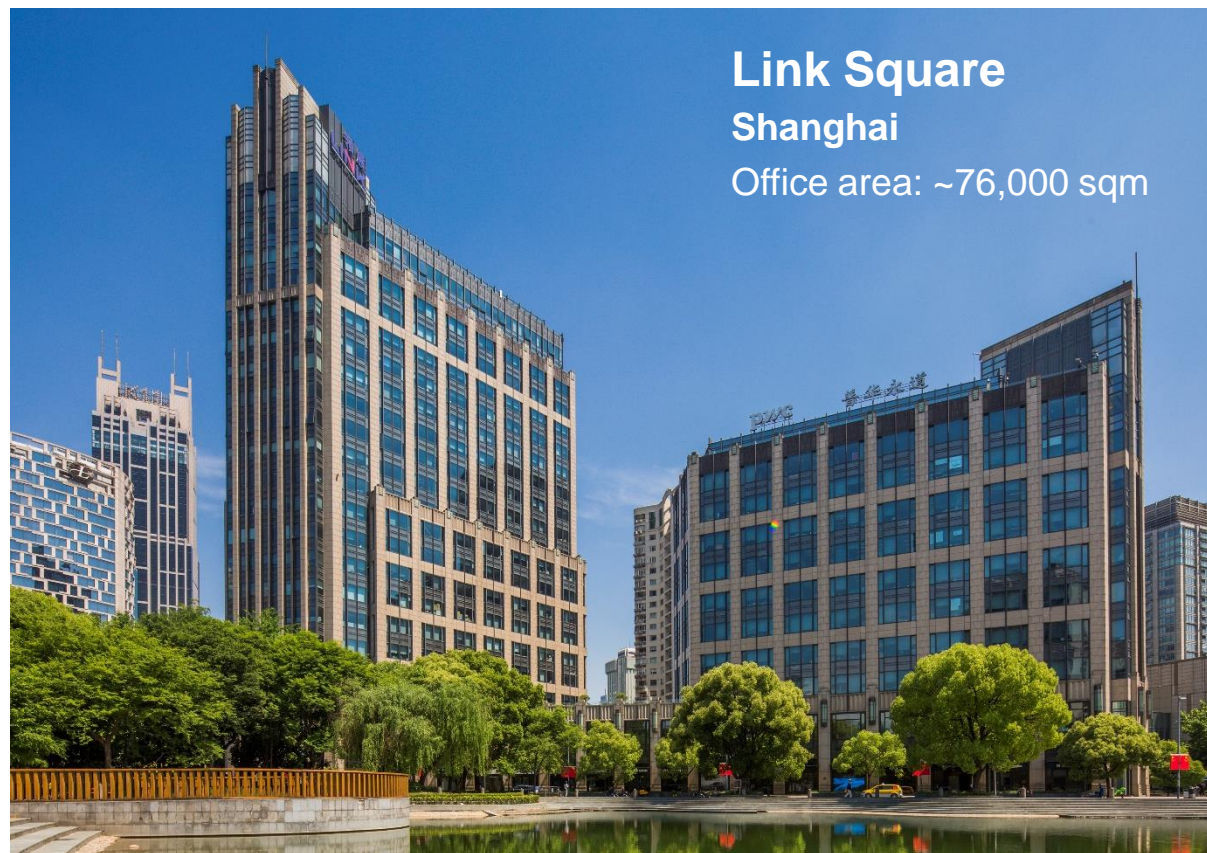
<b>29.4%</b>	<b>61.2%</b>
EC Mall	Metropolitan Plaza

Note:

(1) As at 31 March 2018.

# Office in Mainland China

## Core Premium Grade A Office



### Link Square

Shanghai

Office area: ~76,000 sqm

Office occupancy

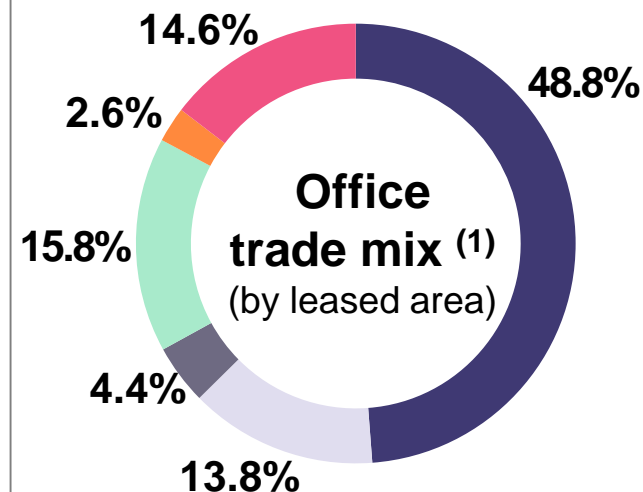
**99.3%**

Office reversion

**13.3%**

### Top 5 Tenants

PwC    Walt Disney    Sony  
UBS    BHP Billiton



- Professional services
- TMT
- Pharmacy
- Industrial goods & services
- Retailers & consumer products
- Others

Note:

(1) As at 31 March 2018.

# Project Highlights



# T.O.P This is Our Place Landmark Project in Record Time

Floor area: ~283,000 sq ft



Completed in record time  
**2 years**

Design > approvals > renovations > move in

Opening dates

**End-17**  
Tower

**Mid-18**  
Podium

Leasing update <sup>(1)</sup>

**~70.0%**  
Tower

**~80.0%**  
Podium

**Regus**

Co-working space



康橋醫學  
HK MEDICAL

Clinic

**HKOA**  
since 1974

Clinic

眼科專科中心  
The Hong Kong  
Ophthalmic Associates



INGRID MILLET

Beauty / spa

**ÅLAND**

Fashion / Lifestyle

**CORNERSTONE**  
**CAFE 小巷咖啡**  
BY HARLAN GOLDSTEIN  
F&B

Note:

(1) As at date of annual results announcement.

# The Quayside Progressing at Full Throttle



Floor area: ~0.9M sq ft

Target completion date

On track

Early 2019

Confirmed anchor <sup>(1)</sup>

Committed ~275,000 sq ft  
~32% of office space

J.P. Morgan

Pre-certifications in sustainability



BEAM Plus New  
Buildings v.1.2  
Platinum targeted

Notes:

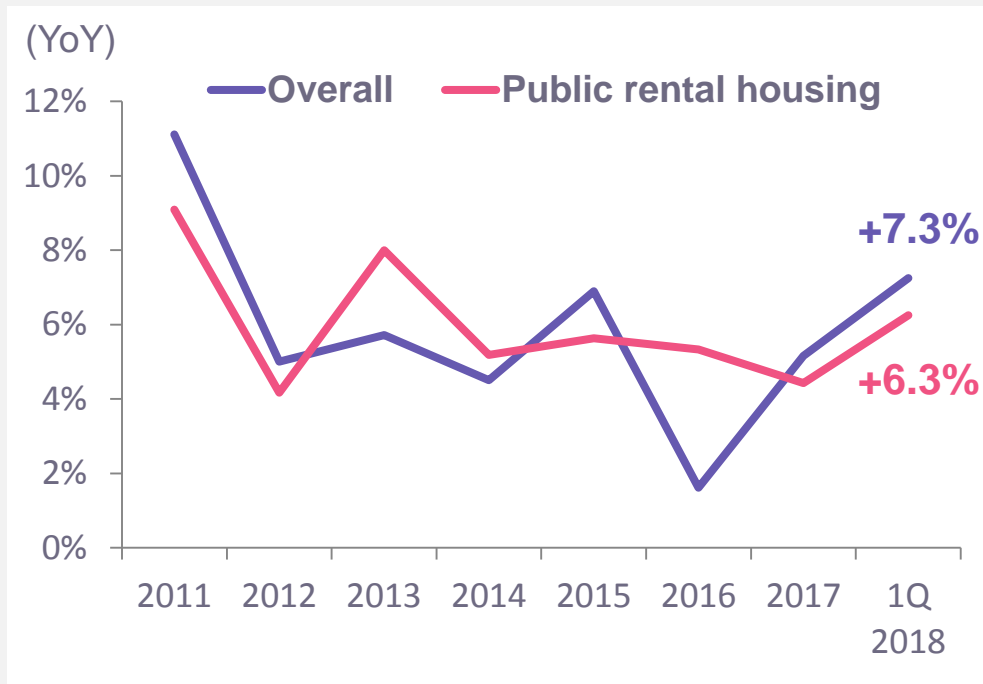
(1) As at date of annual results announcement.

(2) Link shares 60% of the total development cost per JV structure (Link:60%, Nan Fung: 40%).

# Outlook

# Stable Hong Kong Economy

## Robust growth in monthly median household income among public housing residents



Source: Census & Statistics Department, Transport Department

## Strong GDP growth

**+4.7%**  
1Q 2018, YoY

## Continuously low unemployment rate

**+2.9%**  
1Q 2018, YoY

## Non-discretionary retail sales and restaurant receipts growth

**+7.5%**  
1Q 2018, YoY

## Car park demand and supply imbalance

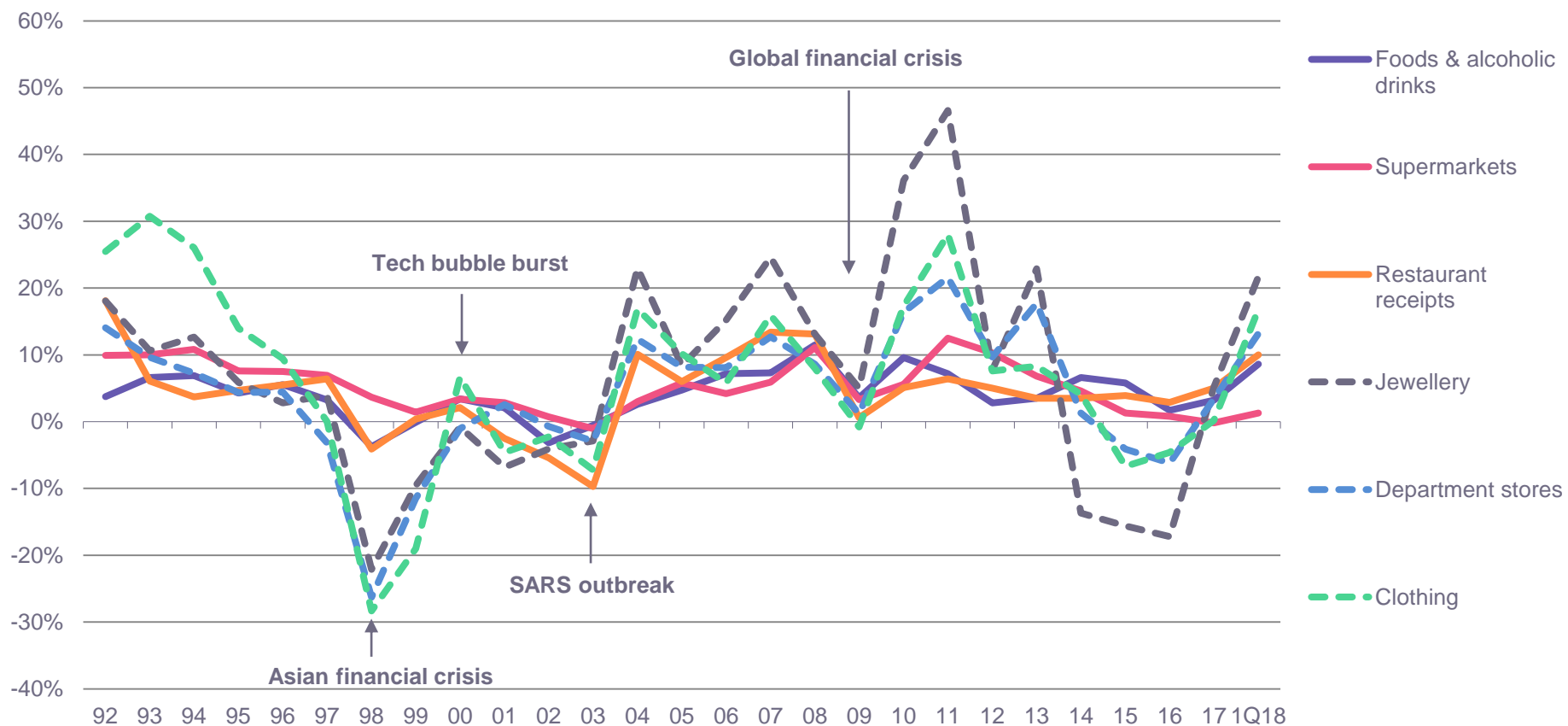
**+2.5%**  
Private cars  
licensed  
1Q2018, YoY

**+0.6%**  
Private car  
parking spaces  
1Q2018, YoY



# Rising Hong Kong Retail Sales & Restaurant Receipts

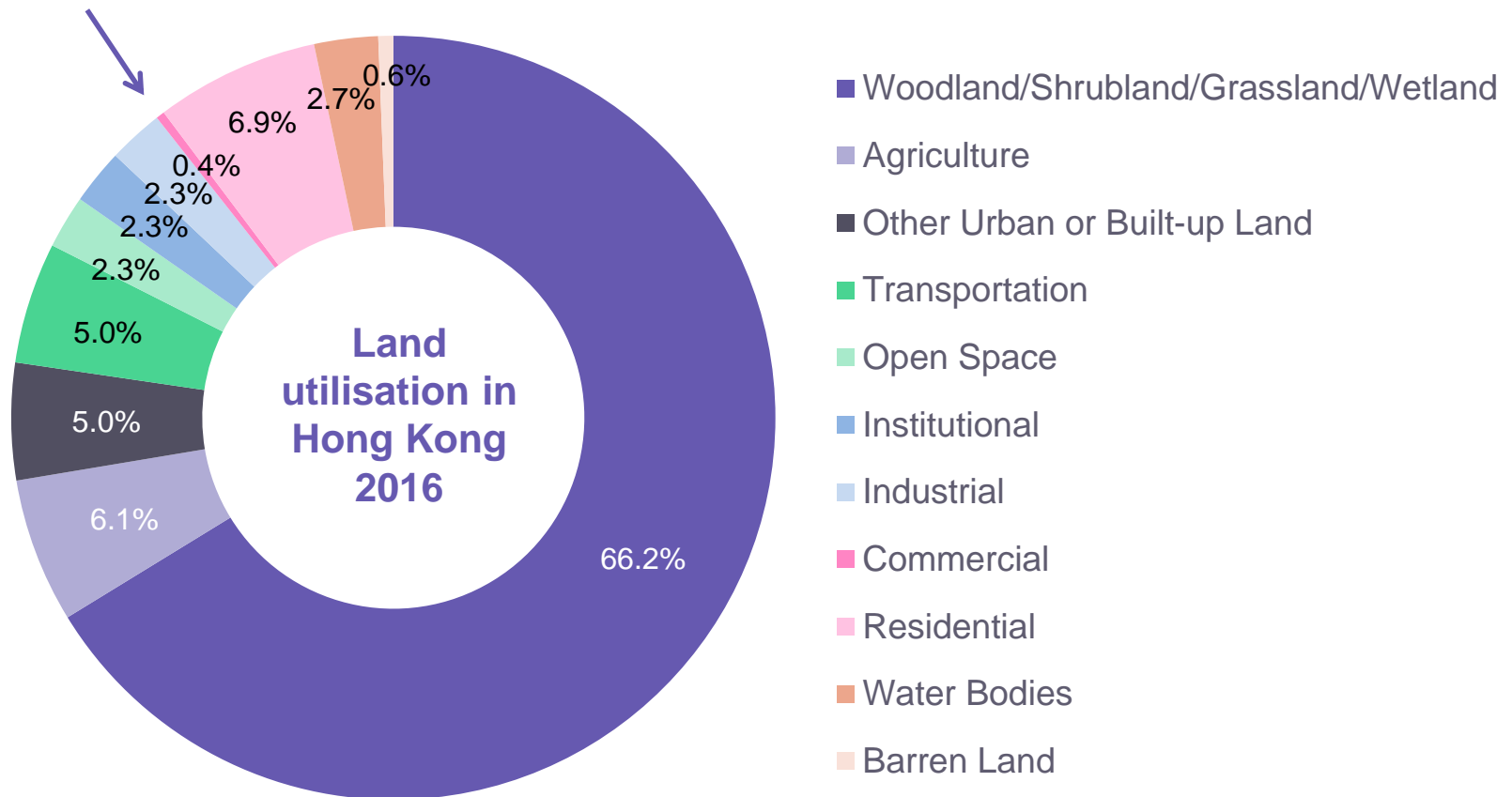
Year-on-year change of retail sales value & restaurant receipts value



Source: Census & Statistics Department

# Limited Commercial Land in Hong Kong

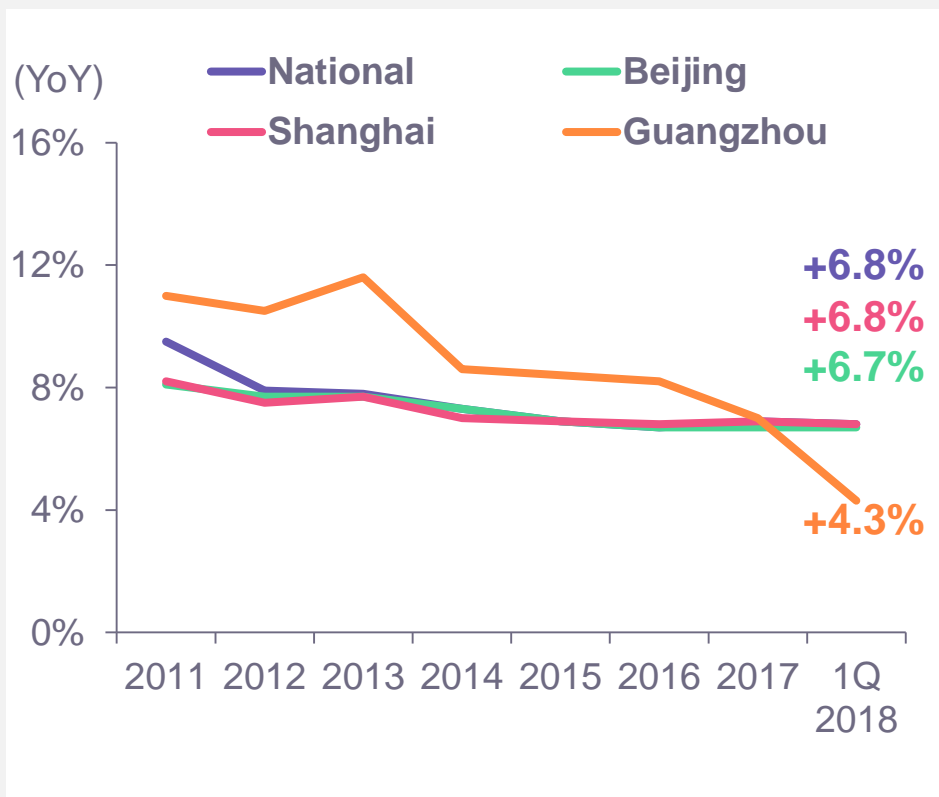
Commercial – 0.4%



**Total land area : ~1,111 sq km**

# Stable Growth in Mainland China

## Sound GDP growth



## Steady retail sales growth

**+8.4%**  
Guangzhou  
1Q2018, YoY

**+4.7%**  
Beijing  
1Q2018, YoY

**Stable core CBD Grade A office  
rental despite upcoming supply**

**-1.2%**  
Shanghai  
1Q2018, YoY

# Our Strategy

# Link's Value Creation Model



# Investing into the Future

## Developing a Strong Team

### Property asset management training

**50+**  
Participants

**1,100+**  
Training hours

- For our Board of Directors, Executive Committee members, Asset Management Team and its internal partners



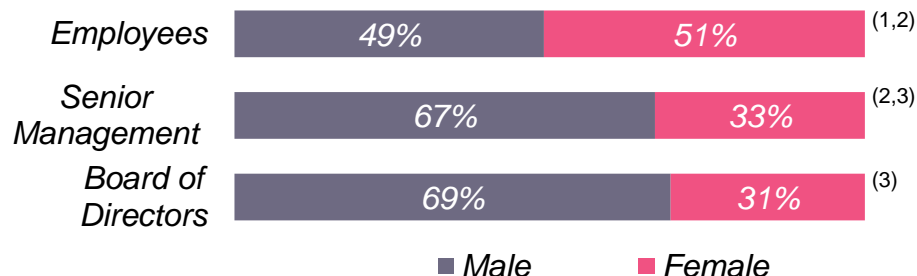
### Diversity and inclusion

**1<sup>st</sup>**  
REIT in Asia

To endorse the Women's Empowerment Principles

**2<sup>nd</sup>**  
among HSI constituents

For ratio of women directors



### Health and well-being

### Launched Wellness Programme in FY17/18

- Introducing Green Monday by serving fruits
- Offering massage chairs in offices and masseuses from The Hong Kong Society for the Blind to treat our staff

Notes:

(1) Excluding senior management, as at 31 March 2018.

(2) Excluding CEO and COO.

(3) As at 6 June 2018.





# Giving Back to Society

## Supporting Communities and Delighting Shoppers

### Link Together Initiatives

**6 projects**  
awarded in FY17/18

Earmarked a total of  
approximately HK\$47M  
since 2013/14

**140 scholarships**  
awarded in FY17/18

Link First Generation  
University Programme

- Earmark up to 0.25% of net property income of previous financial year

Music for Everyone @ Link



Guide Dog Breeding and Education



Food Angel



Link First Generation University Student Scholarship

### Tenant Academy

**~750** participants  
in FY17/18



- Launched “Tenant Academy Mall Talk” and introduced Link Tenant Excellence Award in FY17/18

### Perception audit

**96%**  
“Neutral” to “Positive”  
perception

- Significant improvement in public perception towards the “Link” brand in FY17/18
- Continue to improve communication and engagement

# Creating Value through Innovations

## Park & Dine App to Enrich Retail Experience

### Parking

Real time parking  
information

Find my Car



### Dining & shopping

Shopping  
directory  
and mall map

E-Queuing



### Tenant offers

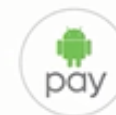


~260,000<sup>(1)</sup>

Downloads since launch



9 major e-payment service  
providers as partners





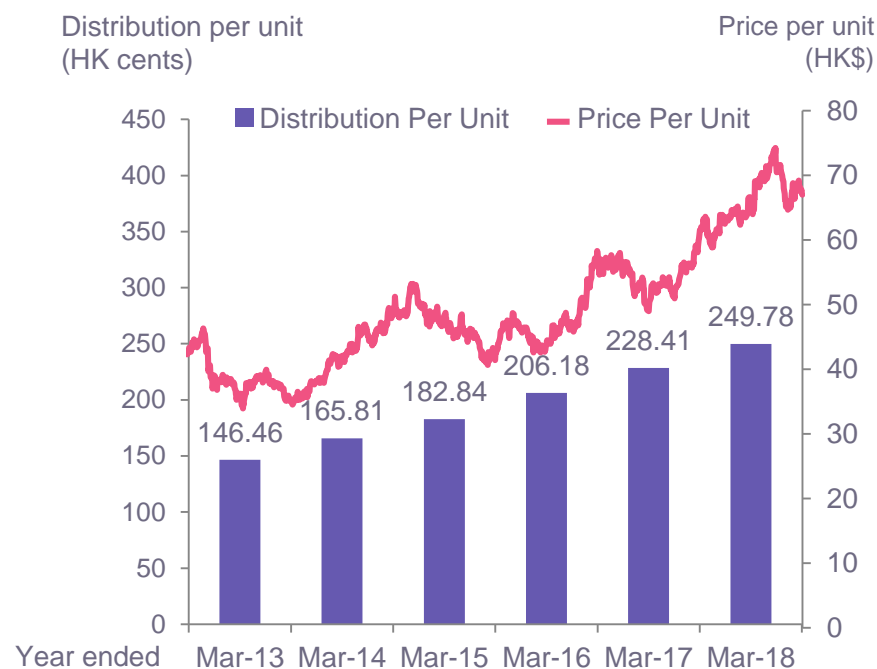
# Delivering Promising Total Return to Unitholders

## Multiple Growth Drivers in Place

### Improving asset quality



### Continuously growing total return



Compound annual total return since listing +18.6% <sup>(1)</sup>

Note:

(1) A combination of unit price appreciation and distribution paid since listing in 25 November 2005 to 31 March 2018.

# Final Distribution Calendar

Distribution period	April 2017 – March 2018
Last day of trading on a “cum” basis	19 June 2018
Ex distribution date	20 June 2018
Distribution book close	22 June – 26 June 2018 (both days inclusive)
Record date for entitlement to cash distribution <sup>(1)</sup>	26 June 2018
Payment of cash distribution <sup>(1)</sup>	5 July 2018

Note:

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

# Appendix

# Appendix 1:

## Divestment – Like-for-like Base Figures

Consolidated	FY17/18 HK\$'M	1H FY17/18 HK\$'M	2H FY17/18 HK\$'M
Revenue	8,927	4,385	4,542
Net property income	6,886	3,371	3,515
Hong Kong portfolio			
Retail rental	6,133	3,015	3,118
Car park rental	1,818	898	920
Other revenue	366	184	182
Total revenue	8,317	4,097	4,220
Total property expenses	1,916	958	958

Note:  
(1) Excluding properties divested and acquired for the periods under analysis.

## Appendix 2: Divestment – Property Particulars

	Six months ended 30 September 2017		Year ended 31 March 2017		Valuation <sup>(1)</sup> (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 <sup>(2)</sup>	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 <sup>(3)</sup>	15,779 <sup>(3)</sup>	51,070 <sup>(3)</sup>	37,832 <sup>(3)</sup>	1,332	1,271
<b>Total</b>	<b>452,915</b>	<b>324,330</b>	<b>876,935</b>	<b>640,027</b>	<b>15,165</b>	<b>23,000</b>

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, a wholly-owned subsidiary of Metro Pilot, shares of which were divested.

## Appendix 3: Divestment – Summary

	No. of divested properties	Total transacted price (HK\$M)	Premium to valuation	Holding period IRR <sup>(5)</sup>
<b>FY14/15</b>	9	2,956	33% <sup>(1)</sup>	20%
<b>FY15/16</b>	5	1,716	30% <sup>(2)</sup>	21%
<b>FY16/17</b>	14	7,288	24% <sup>(3)</sup>	19%
<b>FY17/18</b>	17	23,000 <sup>(6)</sup>	52% <sup>(4)</sup>	23%
<b>Total</b>	<b>45</b>	<b>34,960</b>		

Notes:

(1) Compared to valuations as at 31 March 2014.

(2) Compared to valuations as at 30 September 2015.

(3) Involved 14 properties. Compared to aggregate valuations as at 31 March 2016 and 30 September 2016, as appropriate.

(4) Compared to valuations as at 30 September 2017.

(5) Median of property level unleveraged IRRs from IPO/acquisition to divestment for the properties divested during the year.

(6) Subject to completion adjustment.

## Appendix 4: Financials – Income Statement Summary

	Year ended 31 Mar 2018 HK\$'M	Year ended 31 Mar 2017 HK\$'M	YoY %
Revenue <sup>(1)</sup>	10,023	9,255	8.3
Property operating expenses	(2,360)	(2,261)	4.4
Net property income	7,663	6,994	9.6
General and administrative expenses	(417)	(342)	21.9
Interest income	19	4	375.0
Finance costs on interest bearing liabilities	(665)	(567)	17.3
Gain on disposal of investment properties	7,306	1,387	426.7
Profit before taxation, change in fair values of investment properties and transactions with Unitholders	13,906	7,476	86.0
Change in fair values of investment properties	35,493	11,494	208.8
Taxation	(1,420)	(1,057)	34.3
Non-controlling interest	(218)	(202)	7.9
<b>Profit for the year, before transactions with Unitholders attributable to Unitholders</b>	<b>47,761</b>	<b>17,711</b>	<b>169.7</b>

Note:

(1) Revenue recognised during the year comprise retail and commercial properties rentals of HK\$7,554M, car parks rentals of HK\$2,046M and other revenues of HK\$423M.

# Appendix 5:

## Financials – Distribution Statement Summary

	Year ended 31 Mar 2018 HK\$'M	Year ended 31 Mar 2017 HK\$'M	YoY %
Profit for the period, before transactions with Unitholders	47,761	17,711	169.7
Change in fair values of investment properties attributable to Unitholders	(35,270)	(11,290)	212.4
Deferred taxation on change in fair values of investment properties attributable to Unitholders	368	73	404.1
Other non-cash income	(122)	(107)	14.0
Depreciation charge on investment properties under China Accounting Standards	(150)	(83)	80.7
Gain on disposal of investment properties, net of transaction costs	(7,306)	(1,312)	456.9
Total distributable income	5,281	4,992	5.8
Discretionary distribution <sup>(1)</sup>	150	83	80.7
<b>Total distributable amount</b>	<b>5,431</b>	<b>5,075</b>	<b>7.0</b>
<b>Distribution per unit (HK cents)</b>	<b>249.78</b>	<b>228.41</b>	<b>9.4</b>

Note:

(1) Discretionary distribution was related to the adjustment for depreciation charge on investment properties under China Accounting Standards during the year.



# Appendix 6:

## Financials – Financial Position & Investment Properties

### Financial Position Summary

HK\$'M	As at 31 Mar 2018	As at 30 Sep 2017	As at 31 Mar 2017
Total assets	216,404	191,818	175,940
Total liabilities	37,336	43,921	37,443
Non-controlling interest	474	263	256
<b>Net assets attributable to Unitholders</b>	<b>178,594</b>	<b>147,634</b>	<b>138,241</b>
Units in Issue (M)	2,150.1	2,199.9	2,213.0
<b>Net asset value Per Unit</b>	<b>83.06</b>	<b>67.11</b>	<b>62.47</b>

### Fair Value of Investment Properties

HK\$'M	As at 31 Mar 2018	As at 30 Sep 2017	As at 31 Mar 2017
At beginning of period / year	174,006	174,006	160,672
Acquisition	4,580	4,580 <sup>(1)</sup>	6,414 <sup>(2)</sup>
Exchange adjustments	1,762	630	(636)
Additions	2,402	1,170	1,950
Disposals	(15,152)	-	(5,888)
Change in fair values of investment properties	35,493	9,432	11,494
At end of period / year	203,091	189,818	174,006

Notes:

(1) Represents acquisitions of Metropolitan Plaza in Guangzhou.

(2) Represents acquisitions of 700 Nathan Road in Mong kok.

# Appendix 7: Financials – Valuation

HK\$'M	As at 31 Mar 2018	As at 31 Mar 2017
Retail properties	141,513	124,739
Car parks	34,510	30,813
Property under development	8,733	7,349
Properties in Mainland China	18,335	11,105
<b>Total</b>	<b>203,091</b>	<b>174,006</b>

Income Capitalisation Approach – Capitalisation Rate	As at 31 Mar 2018	As at 31 Mar 2017
<b>Hong Kong</b>		
Retail properties	3.00 – 4.20%	3.40 – 5.20%
Retail properties: weighted average	3.98%	4.53%
Car parks	3.50 – 4.80%	3.80 – 5.70%
Car parks: weighted average	4.14%	4.74%
Overall weighted average	4.01%	4.57%
<b>Mainland China</b>		
Retail properties	4.50 – 4.75%	4.50%
Office properties	4.25%	4.25%

## DCF Approach – Discount Rate

<b>Hong Kong</b>	7.50%	7.50%
<b>Mainland China</b>		
Retail properties	7.25 – 7.75%	7.25 – 7.50%
Office properties	7.25%	7.25%

## Appendix 8: Hong Kong Portfolio – Revenue Analysis

	Year ended 31 Mar 2018 HK\$'M	Year ended 31 Mar 2017 HK\$'M	YoY %	Percentage contribution Year ended 31 Mar 2018 %
<b>Retail rentals:</b>				
Shops <sup>(1)</sup>	5,460	5,140	6.2	59.8
Markets / cooked food stalls	905	893	1.3	9.9
Education / welfare and ancillary	149	147	1.4	1.6
Mall merchandising	177	172	2.9	1.9
<b>Car park rentals:</b>				
Monthly	1,537	1,456	5.6	16.8
Hourly	509	484	5.2	5.6
<b>Expenses recovery and other miscellaneous revenue:</b>				
Property related revenue <sup>(2)</sup>	402	389	3.3	4.4
<b>Total</b>	<b>9,139</b>	<b>8,681</b>	<b>5.3</b>	<b>100.0</b>

Notes:

(1) Rental from shops includes turnover rent of HK\$121 million (2017: HK\$125 million).

(2) Including other revenue from retail properties of HK\$397 million (2017: HK\$385 million) and car park portfolio of HK\$5 million. (2017: HK\$4 million).

## Appendix 9: Hong Kong Portfolio – Expenses Analysis

	Year ended 31 Mar 2018 HK\$'M	Year ended 31 Mar 2017 HK\$'M	YoY %	Percentage contribution Year ended 31 Mar 2018 %
Property managers' fees, security and cleaning	570	557	2.3	26.4
Staff costs	431	417	3.4	20.0
Repair and maintenance	211	219	(3.7)	9.8
Utilities	284	291	(2.4)	13.1
Government rent and rates	288	282	2.1	13.3
Promotion and marketing expenses	136	121	12.4	6.3
Estate common area costs	100	106	(5.7)	4.6
Other property operating expenses	140	153	(8.5)	6.5
<b>Total property expenses</b>	<b>2,160</b>	<b>2,146</b>	<b>0.7</b>	<b>100.0</b>

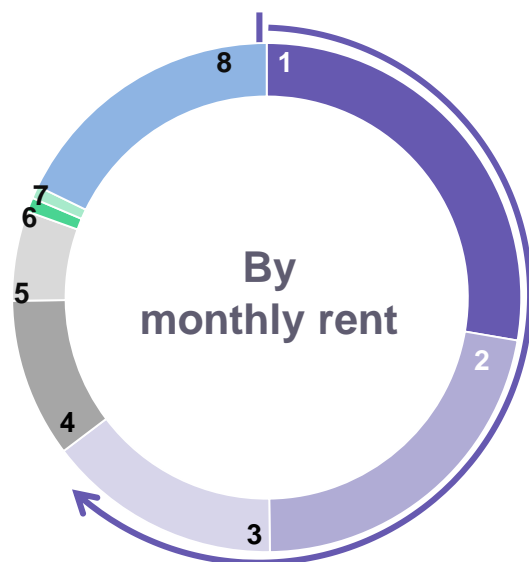
# Appendix 10: Hong Kong Portfolio – Retail Operational Data

	No. of properties	Total area ('000 sq. ft.) as at 31 March 2018	Valuation (HK\$'M) as at 31 March 2018	Retail rentals (HK\$'M) year ended 31 March 2018	Average monthly unit rent (HK\$ psf)		Occupancy rate (%)	
					as at 31 March 2018	as at 31 March 2017	as at 31 March 2018	as at 31 March 2017
Destination	6	1,220	30,604	1,117	83.0	76.0	96.3	96.9
Community	33	3,870	74,273	3,358	70.6	65.9	97.7	96.8
Neighbourhood	70	3,249	36,636	1,670	44.9	40.3	96.4	94.8
Properties divested <sup>(2)</sup>	-	N.A.	N.A.	546	N.A.	41.6	N.A.	96.4
Overall	109	8,339	141,513	6,691	62.4	55.3	97.0	96.1

Note:  
 (1) Properties categorisation as at 31 March 2018.  
 (2) Amounts related to the 17 properties divested in February 2018.

# Appendix 11: Hong Kong Portfolio – Trade Mix

## Non-discretionary trade mix



**Food related trades 64.1%**

	Mar-18	Mar-17
1. Food and beverage	27.6%	27.7%
2. Supermarket and foodstuff	21.9%	20.8%
3. Markets/ cooked food stalls	14.6%	14.9%
4. Services	10.5%	10.5%
5. Personal care/ medicine	5.7%	6.0%
6. Education/ welfare and ancillary	0.9%	1.1%
7. Valuable goods (jewellery, watches and clocks)	0.8%	0.8%
8. Others <sup>(1)</sup>	18.0%	18.2%
Total	100%	100%

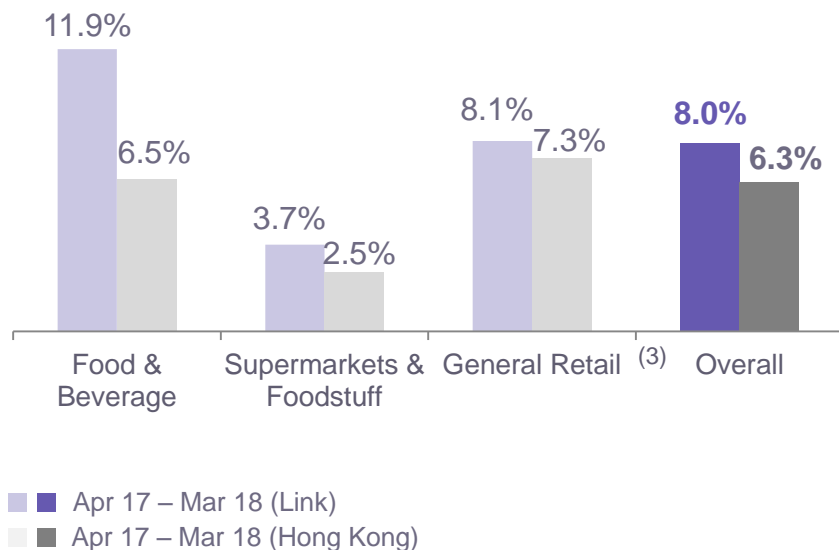
Note:

(1) Include clothing, department store, electrical and household products, optical, books and stationery, newspaper, leisure and entertainment.

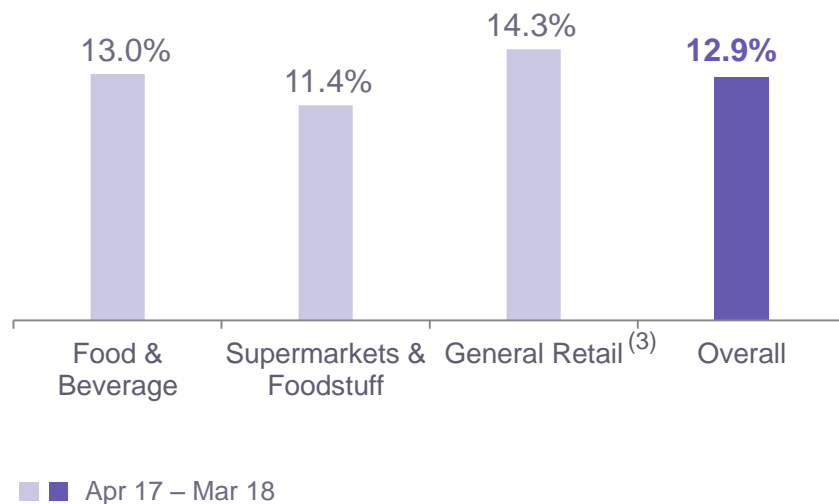
## Appendix 12: Hong Kong Portfolio – Tenants’ Performance

### Strong tenant sales growth <sup>(1)</sup> compared to overall Hong Kong market

(YoY)



### Stable rent-to-sales ratio <sup>(2)</sup> implies rent is still within tenants’ affordable range



#### Notes:

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

(2) A ratio of base rent plus management fee to tenants’ gross sales.

(3) Including clothing, department store, electrical and household products, personal care/medicine, optical, books and stationery, newspaper, valuable goods, services, leisure and entertainment, and retail others.



# Appendix 13: Hong Kong Portfolio – Portfolio Metrics

	As at 31 Mar 2018	As at 31 Mar 2017	Change
<b>Average monthly unit rent (psf pm)</b>			
■ Shops	HK\$62.7	HK\$55.2	+13.6%
■ Overall (ex self use office)	HK\$62.4	HK\$55.3	+12.8%
<b>Occupancy rate</b>			
■ Shops	97.4%	97.1%	+0.3%
■ Markets/cooked food stalls	92.9%	90.3%	+2.6%
■ Education/welfare and ancillary	97.1%	91.4%	+5.7%
■ Overall	97.0%	96.1%	+0.9%

	Year ended 31 Mar 2018	Year ended 31 Mar 2017	YoY Change
<b>Composite reversion rate</b>			
■ Shops	31.2%	23.4%	+7.8%
■ Markets/cooked food stalls	12.9%	27.0%	-14.1%
■ Education/welfare and ancillary	15.0%	20.5%	-5.5%
■ Overall	29.1%	23.8%	+5.3%
<b>Net property income margin</b>	76.4%	75.3%	+1.1ppts
<b>Car park income per space per month</b>	HK\$ 2,492	HK\$ 2,239	+11.3%

## Appendix 14: Hong Kong Portfolio – Lease Expiry Profile

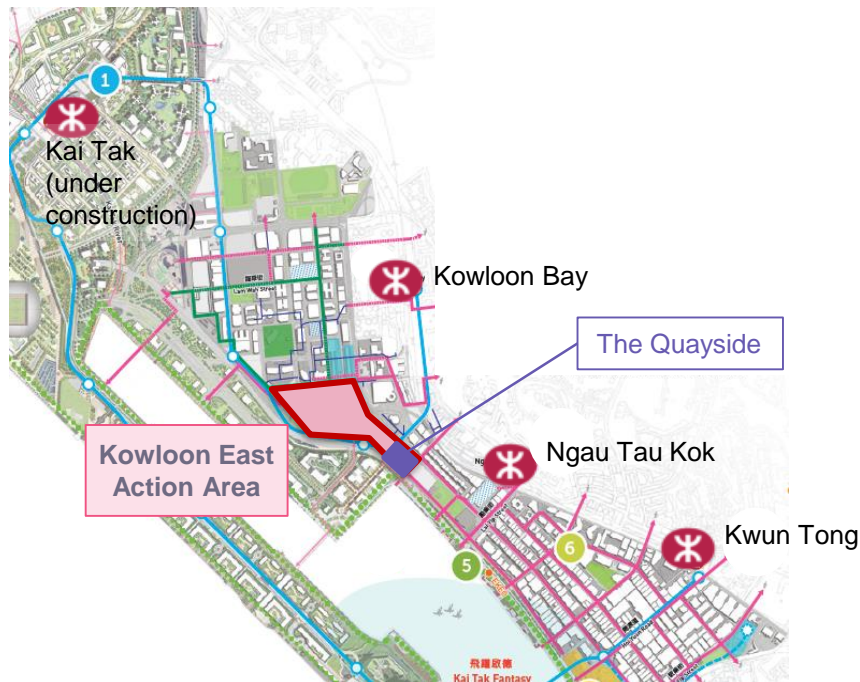
As at 31 March 2018	As % of total area %	As % of monthly rent %
FY18/19	31.7	27.2
FY19/20	21.7	23.0
FY20/21 and Beyond	37.3	44.2
Short-term Lease and Vacancy	9.3	5.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Appendix 15: Mainland China Portfolio – Lease Expiry Profile

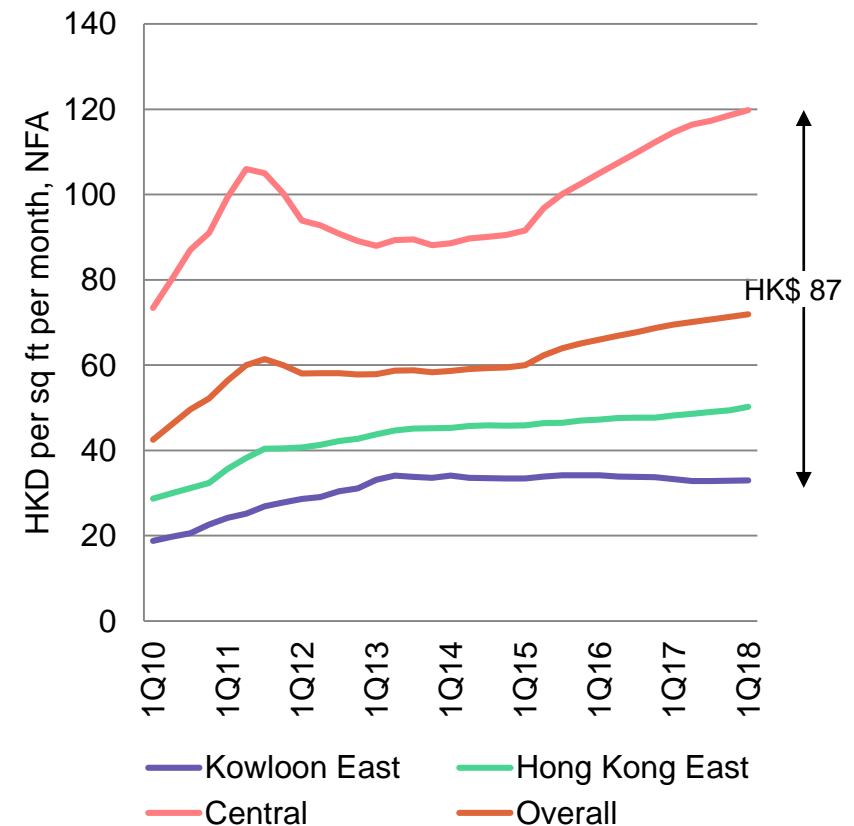
As at 31 March 2018	Retail		Office	
	As % of total area (%)	As % of monthly rent (%)	As % of total area (%)	As % of monthly rent (%)
FY18/2019	18.6	18.3	9.7	9.6
FY19/2020	23.4	32.0	20.5	22.0
FY20/2021 and beyond	57.5	49.7	69.1	68.4
Vacancy	0.5	-	0.7	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

# Appendix 16: Market Update – Kowloon East

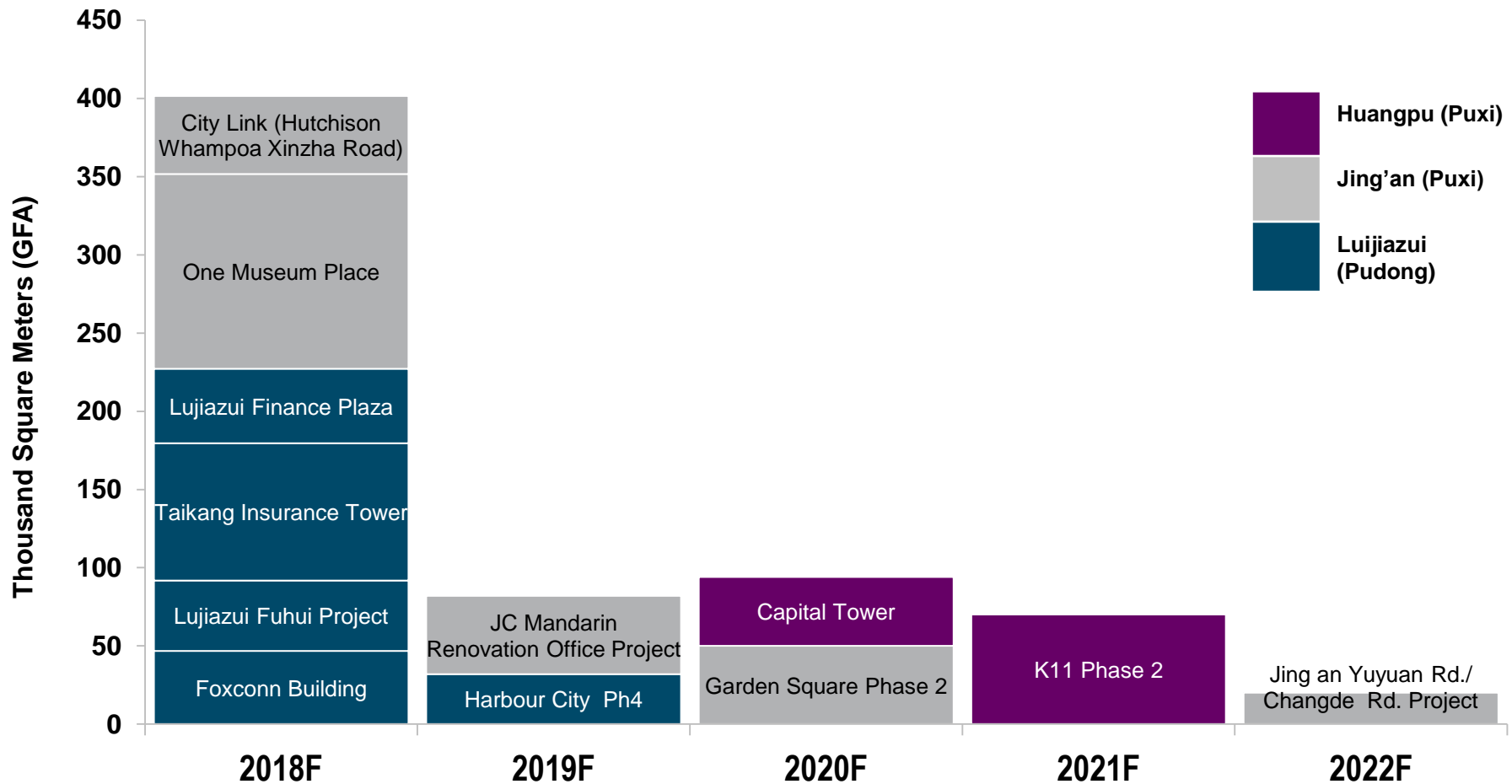
## Location of The Quayside



## Rental gap between Central and Kowloon East

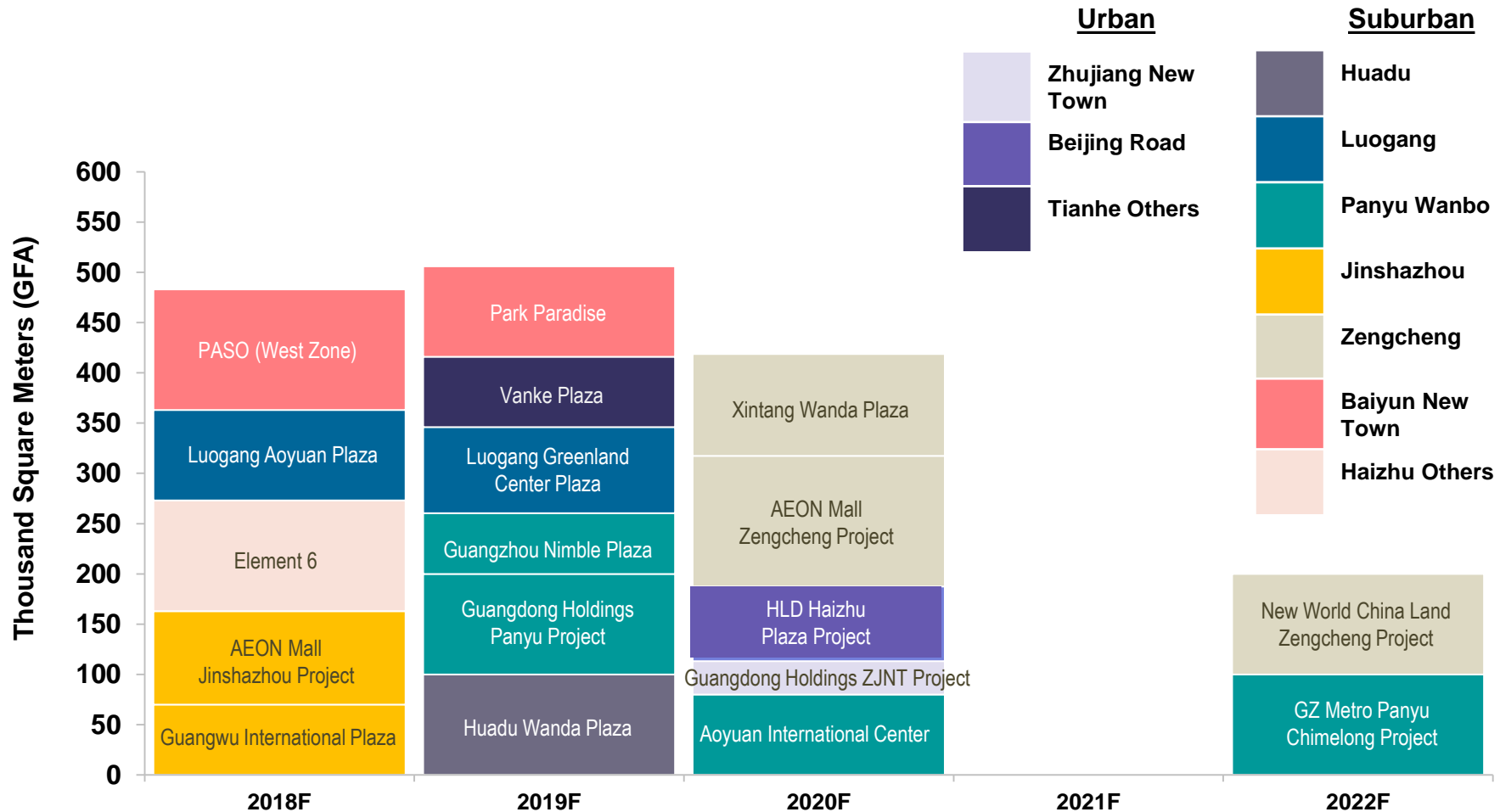


# Appendix 17: Market Update – Grade A Office Supply in Shanghai Core CBDs



Note: Forecasts as at 1Q 2018.  
Source: JLL

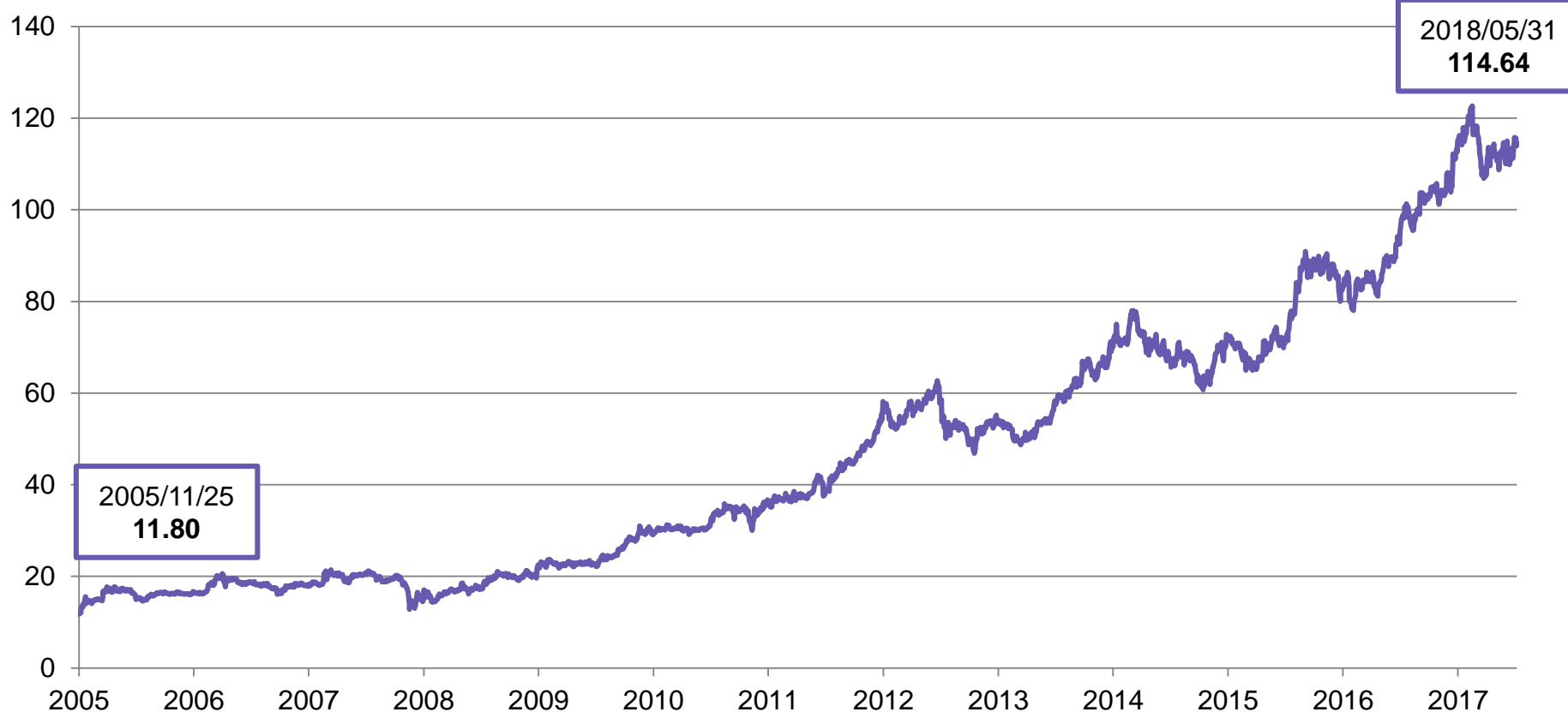
# Appendix 18: Market Update – Large Scale Retail Supply in Guangzhou



Note: Forecasts as at 1Q 2018.

Source: JLL

# Appendix 19: Market Update – Total Return of Link



**Compound annual total return since listing +18.6% <sup>(1)</sup>**

Notes:

(1) A combination of unit price appreciation and distribution paid since listing in 25 November 2005 to 31 March 2018.

(2) As at 31 May 2018

Source: Bloomberg



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