

Link Real Estate
Investment Trust

Corporate Presentation
September 2018

About Link REIT

About Link REIT

Link is

#1

- REIT listed in Hong Kong
- REIT in Asia by market capitalisation
- Only internally-managed REIT in Asia

100%

- Free float held by institutions and private investors

Our Portfolio ⁽¹⁾



Includes retail facilities,
car parks and offices

Hong Kong

138

Properties

~ 61,000

Car park spaces

91.0%

of portfolio
by value

~ 9M sq ft

Retail space

~ 0.9M sq ft

Under development

Mainland China

(Across Beijing, Shanghai and Guangzhou)

3

Properties

~ 3M sq ft

Retail and
office space

9.0%

of portfolio
by value

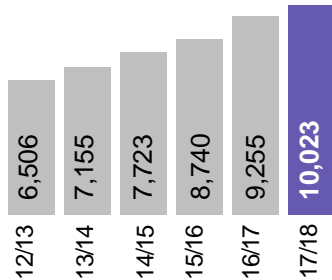
Note:

(1) As at 31 March 2018.

Robust Financial Performance

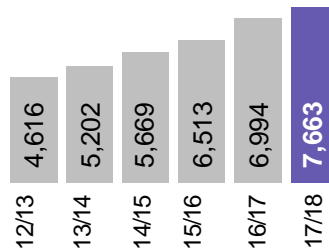
Revenue (HK\$'M)

5-Year CAGR ⁽²⁾: +9.0%



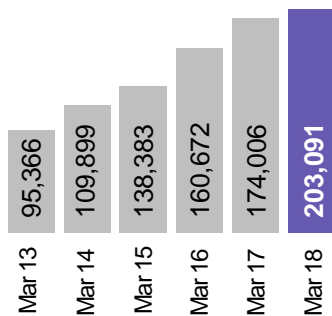
NPI (HK\$'M)

5-Year CAGR ⁽²⁾: +10.7%



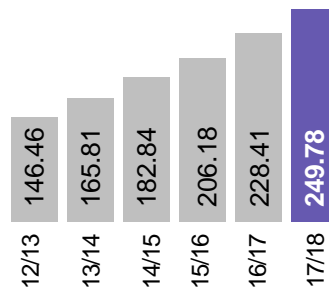
Valuation (HK\$'M)

5-Year CAGR ⁽²⁾: +16.3%



DPU (HK cents)

5-Year CAGR ⁽²⁾: +11.3%



94.8% ⁽³⁾

Occupancy in Hong Kong



99.0% ⁽³⁾

Occupancy in Mainland China



67

Enhancement projects completed to date

31.3%

Reduction in energy consumption since 2010



~ HK\$9 million

Earmarked under Link Together Initiatives for the year ending 31 March 2018



Global recognitions



FTSE4Good

MEMBER OF
Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Notes:

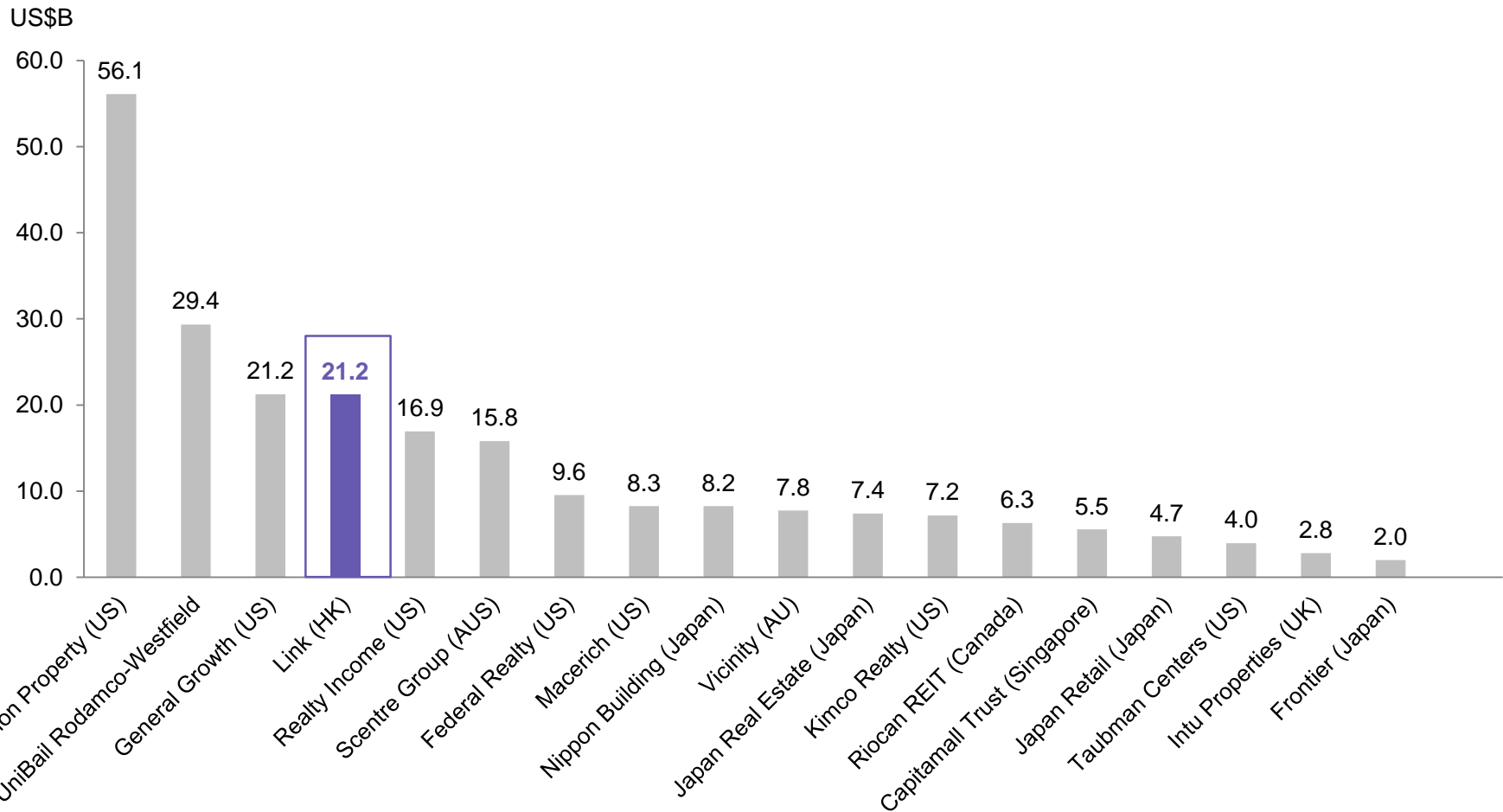
(1) All figures as at 31 March 2018 (unless stated otherwise).

(2) CAGR from FY2012/13 to FY2017/18.

(3) As at 30 June 2018.

One of the Top Global Retail-focused REITs

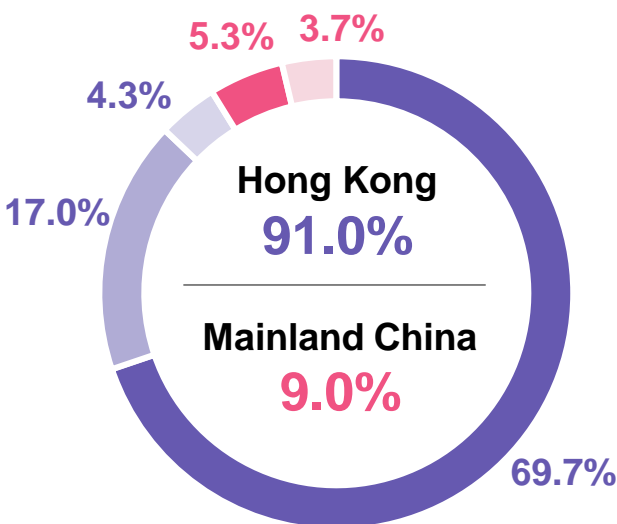
Link is the largest REIT in Asia



Note: Comparison of selected major REITs in the world based on market capitalisation.
Source: Bloomberg as of 31 August 2018.

Improved Portfolio Quality through Active Portfolio Management

Portfolio mix ⁽¹⁾



Total portfolio value

+25.4% vs 31 Mar 2017 Like-for-like ⁽²⁾
+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 |
| Hong Kong | | | | |
| ● Retail | 141,513 | +13.4% | 3.98 | -0.55 pts |
| ● Car park | 34,510 | +12.0% | 4.14 | -0.60 pts |
| ● Office ⁽³⁾ | 8,733 | +18.8% | - | N/A |
| Mainland China | | | | |
| ● 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 in FY17/18

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.

Improved Debt Metrics 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 |
| Total debt (all unsecured) | 26.3 | 33.8 | 100.0 | 100.0 |
| Cash | 11.7 | 0.6 | 51.5 | 13.0 |
| Undrawn facilities | 11.0 | 4.0 | 48.5 | 87.0 |
| Total liquidity | 22.7 | 4.6 | 100.0 | 100.0 |

Effective interest rate

2.89%

Gearing ratio

-5.5% ppts ⁽³⁾

11.9%

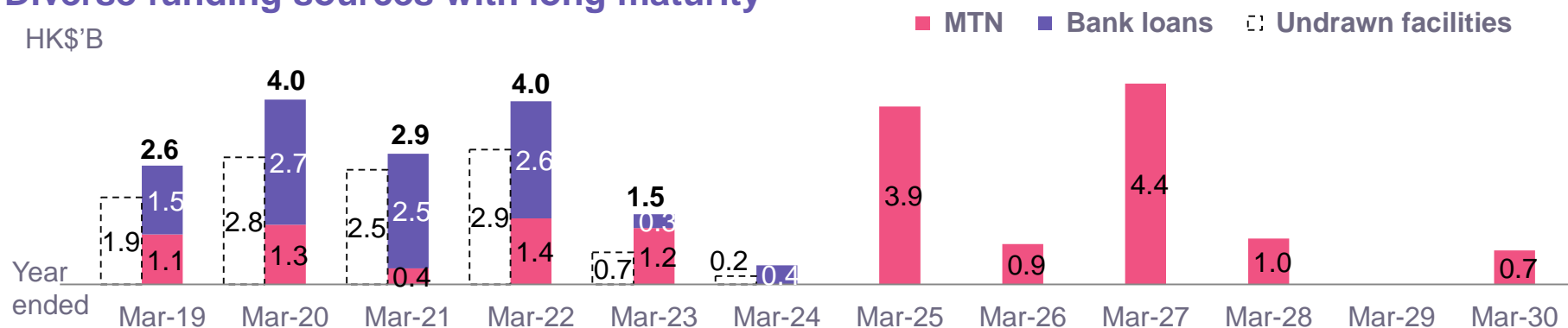
Total liquidity

+HK\$18.1M ⁽³⁾

HK\$22.7B

Diverse funding sources with long maturity ⁽²⁾

HK\$'B



Notes:

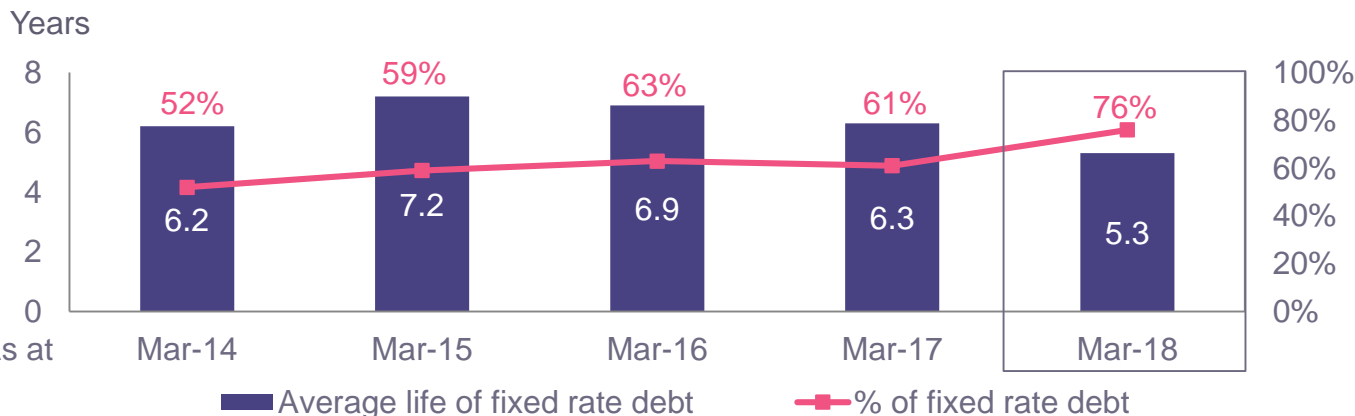
(1) All figures as at 31 March 2018.

(2) All amounts are at face value.

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

Maintained a Strong Financial Position

Ample protection from rise in interest rates



**Fixed rate debt/
total debt**

76%

Key credit metrics by rating agencies

| | As at 31 Mar 2018 ⁽²⁾ | 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 ⁽¹⁾ / debt | 21.2% | 16.6% ⁽²⁾ | > 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.

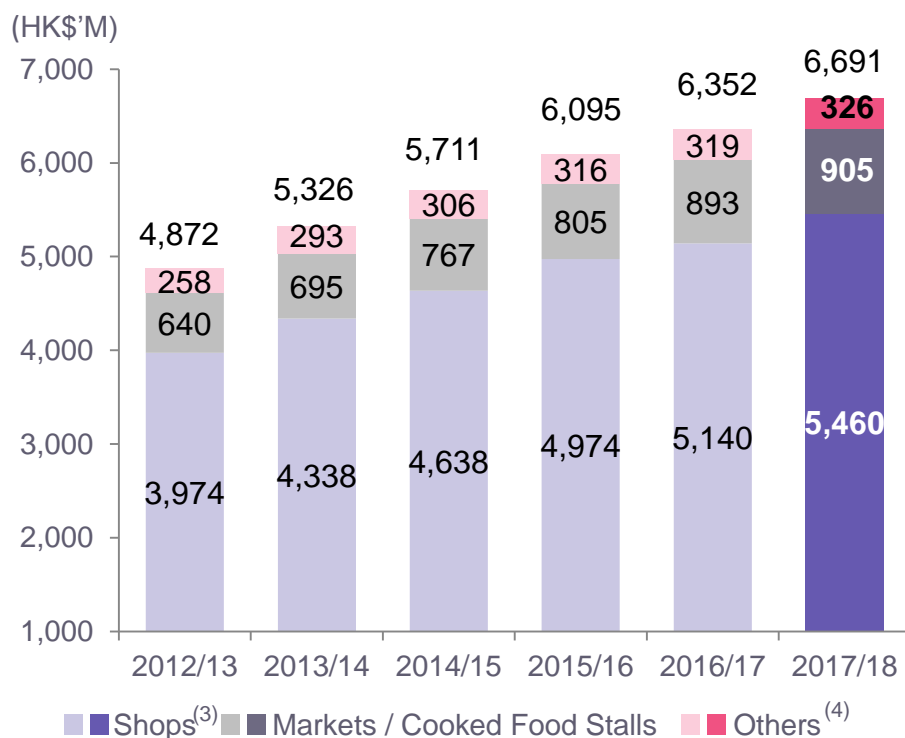
Hong Kong Portfolio

Retail Performance Remains Consistent

Retail rentals ⁽¹⁾

Actual YoY ⁽¹⁾: 5.3%

Like-for-like YoY ^(1,2): 9.5%



Reversion rate

29.1%

Occupancy ⁽⁵⁾

94.8%

Average unit rent

HK\$62.4 psf

Tenants sales growth ⁽⁶⁾

8.0%

Rent-to-sales ratio ⁽⁶⁾

13.5%

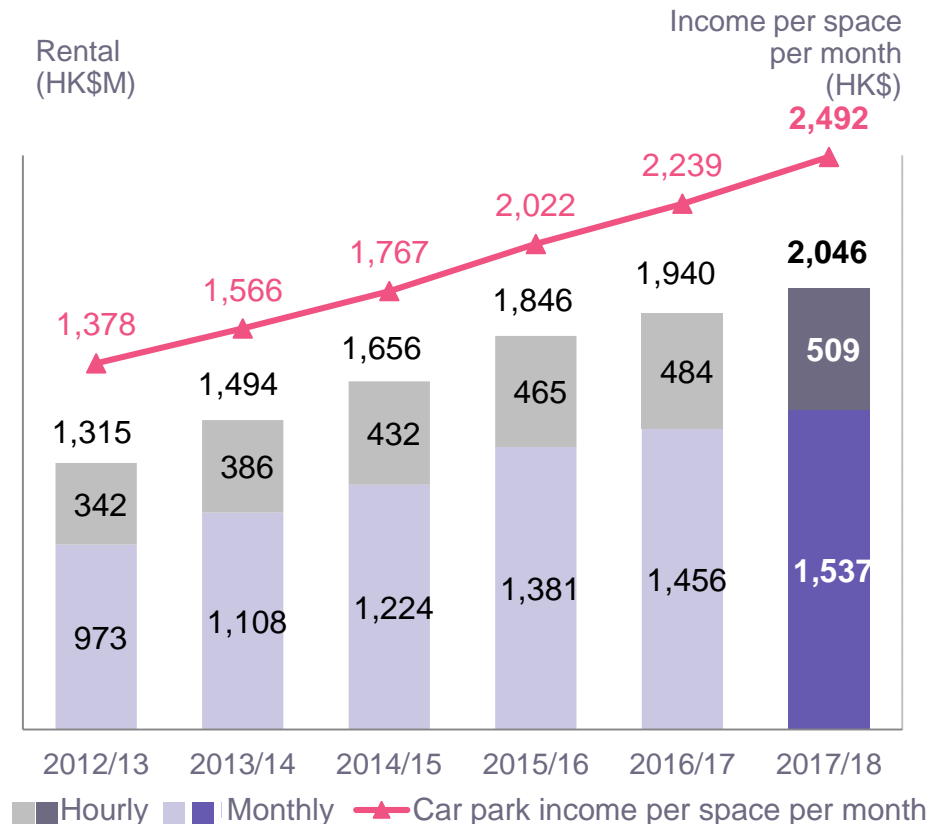
- Notes:
- (1) All figures for the year ended 31 March 2018, unless stated otherwise
 - (2) Excluding properties divested and acquired during the periods under analysis
 - (3) Rental from shops includes base and turnover rents
 - (4) Include education/welfare and ancillary and mall merchandising
 - (5) As at 30 June 2018
 - (6) From 1 April 2018 to 30 June 2018

Car Park Performance Stays Satisfactory

Car park rentals

Actual YoY (1): 5.5%

Like-for-like YoY (1,2): 10.9%



Car park income per space per month

HK\$2,492

Average valuation per space

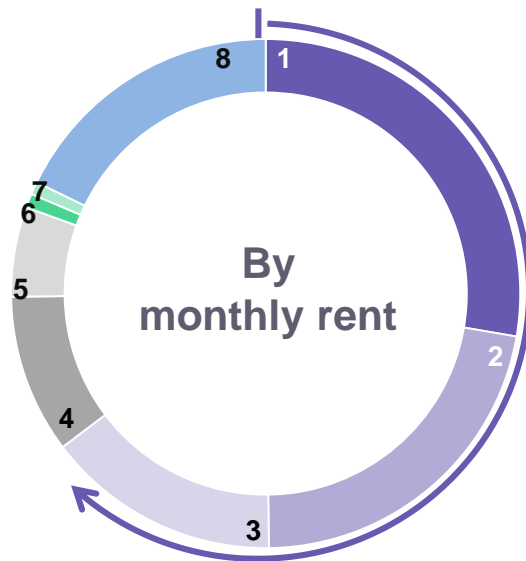
HK\$567K

Notes:

- (1) Data as at 31 March 2018, unless stated otherwise
- (2) Excluding properties divested and acquired during the periods under analysis.

Operational Updates for 1Q 2018/19

Non-discretionary trade mix



Food related trades 63.8%

| | Jun-18 |
|---|--------|
| 1. Food and beverage | 27.8% |
| 2. Supermarket and foodstuff | 21.2% |
| 3. Markets/ cooked food stalls | 14.8% |
| 4. Services | 10.7% |
| 5. Personal care/ medicine | 5.7% |
| 6. Education/ welfare and ancillary | 1.0% |
| 7. Valuable goods (jewellery, watches and clocks) | 0.9% |
| 8. Others ⁽¹⁾ | 17.9% |
| Total | 100% |

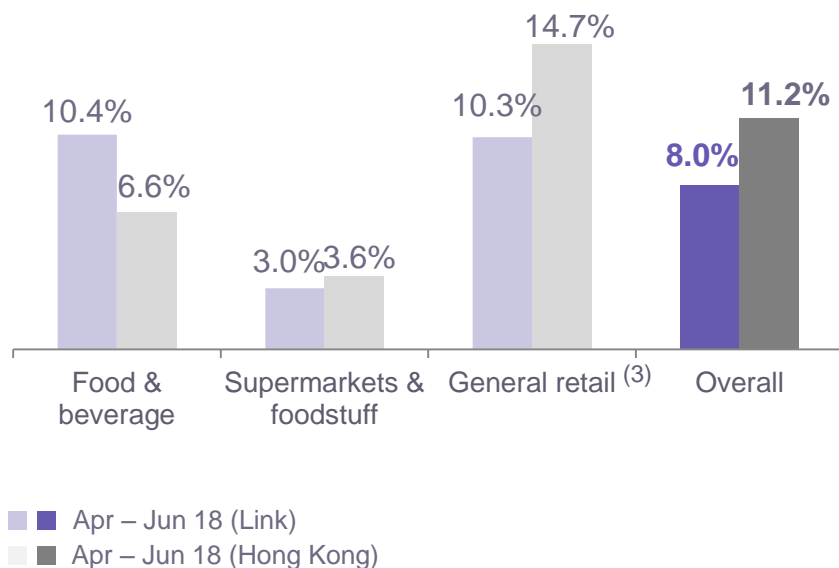
Note:

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

Tenants' Performance in 1Q 2018/19

Non-discretionary tenant sales ⁽¹⁾ remain healthy amidst a strong rebound in discretionary sales in Hong Kong

(YoY)



Rent-to-sales ratio ⁽²⁾ 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.

Extensive Asset Enhancement Pipeline To Improve Asset Quality

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



Project ROI target

>15%

No. of projects
completed since IPO

67

Estimated CAPEX
per year

~HK\$800M

| 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) As at 31 March 2018.

(2) Include fresh market upgrade.

Successful Fresh Market Revitalisation



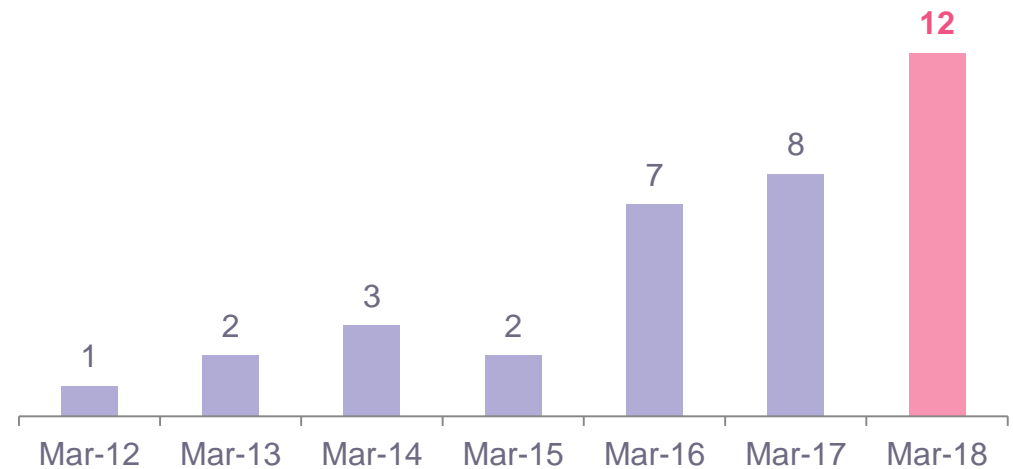
Red Market, Kwong Yuen Shopping Centre

Notes:

(1) As at 31 March 2018.

(2) Include both direct management and single letting markets' asset enhancement projects.

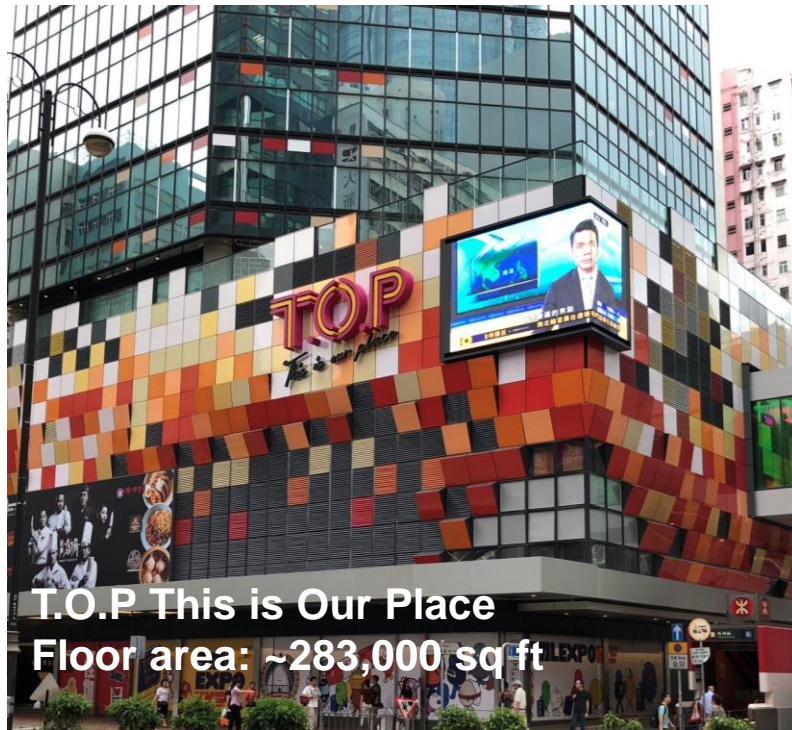
No. of fresh market asset enhancement completed ⁽¹⁾



Fresh market AE projects completed to date

35

T.O.P This is Our Place Landmark Project in Mongkok



T.O.P This is Our Place
Floor area: ~283,000 sq ft

Leasing update ⁽¹⁾

~70.0%

Tower

Clinics
Beauty / spa
Co-working space

~90.0%

Podium

Specialty F&B
Fashion
Lifestyle

Note: As at August 2018

First Comers in Hong Kong



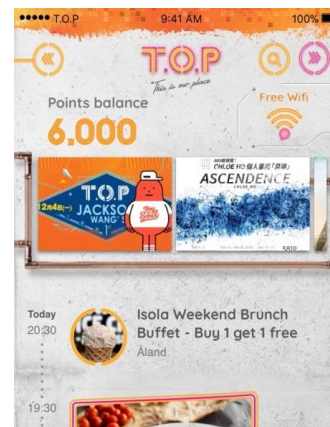
Urban Write
Bookstore, 4/F



The Charcoal Room
F&B, 5/F

New Shopping Experience

➤ Bridging online and offline



e-Coupon



e-Ordering



e-Queuing



e-Booking



Music Show



Free Wifi



Dining & Shopping Buddy

The Quayside Centrepiece of New CBD



Leasing update ⁽¹⁾

~56%

Taking up 9.5 floors

Notes:

(1) As at August 2018.

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

Development Update

- *Twin towers have been topped out and all set for the launch in early 2019*



Credentials Attained

- *Pre-certifications in sustainability*



BEAM Plus New
Buildings v.1.2
Platinum targeted

Mainland China Portfolio

Retail Properties in Mainland China

Strategic Management to Drive Growth



EC Mall

Beijing

Retail area: ~55,000 sqm

99.7%

Occupancy ⁽¹⁾

29.4%

Reversion ⁽²⁾



Metropolitan Plaza

Guangzhou

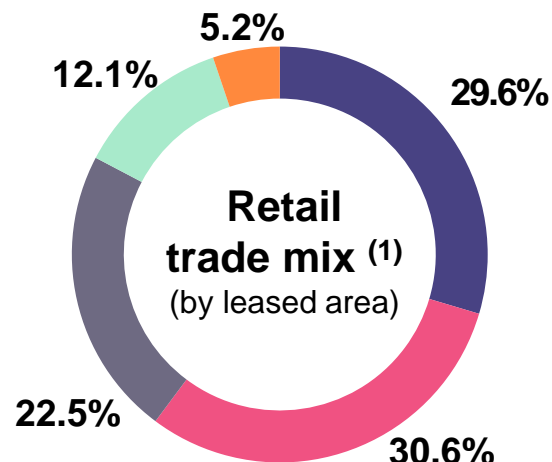
Retail area: ~89,000 sqm

99.5%

Occupancy ⁽¹⁾

61.2%

Reversion ⁽²⁾



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

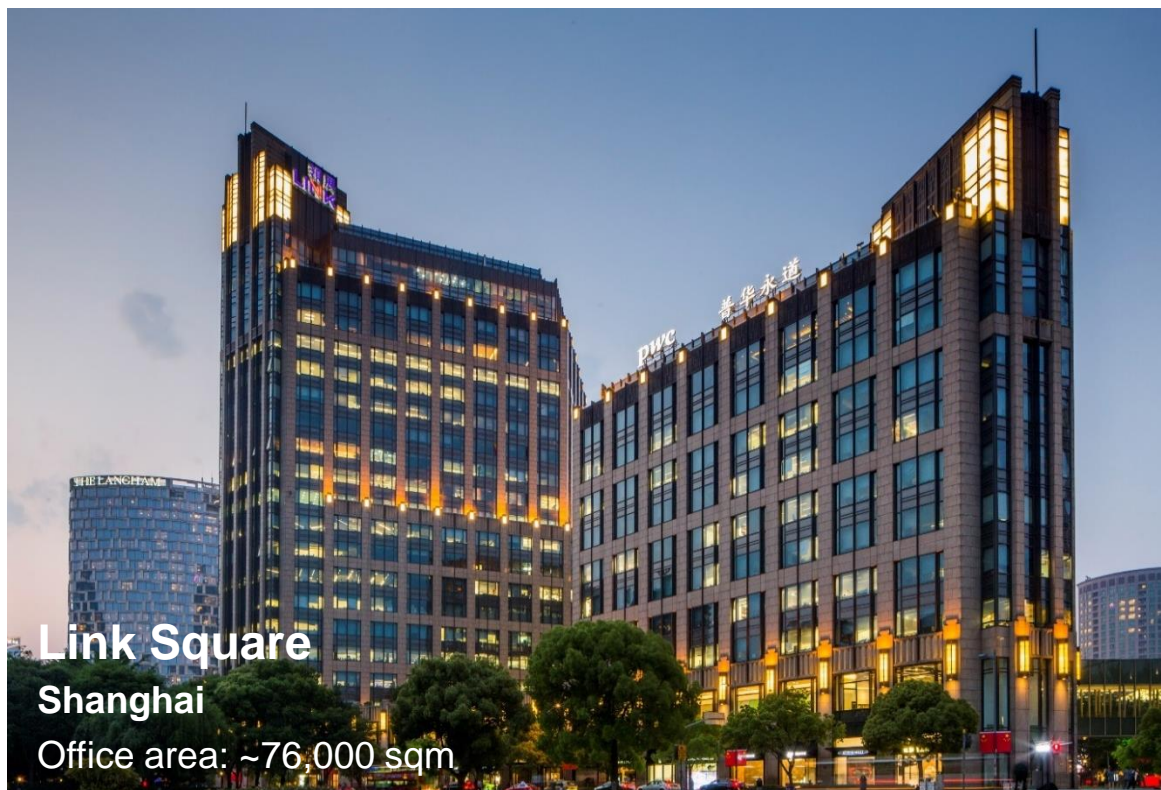
Notes:

(1) As at 30 June 2018.

(2) For the year ended 31 March 2018.

Office in Mainland China

Premium Grade A Office with Stable Performance



Office occupancy ⁽¹⁾

98.2%

Office reversion ⁽²⁾

13.3%

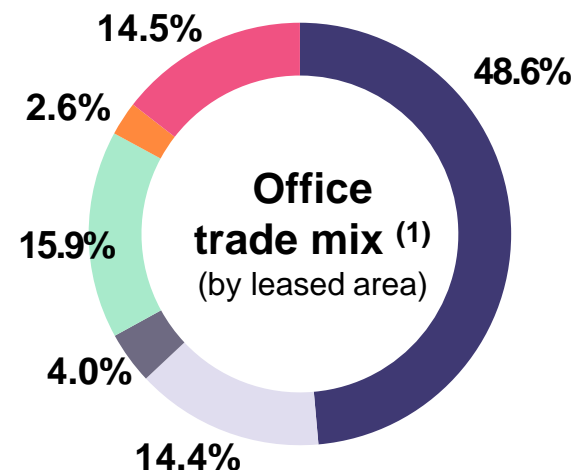
Notes:

(1) As at 30 June 2018.

(2) For the year ended 31 March 2018.

Top 5 Tenants

PwC Walt Disney Sony
UBS BHP Billiton

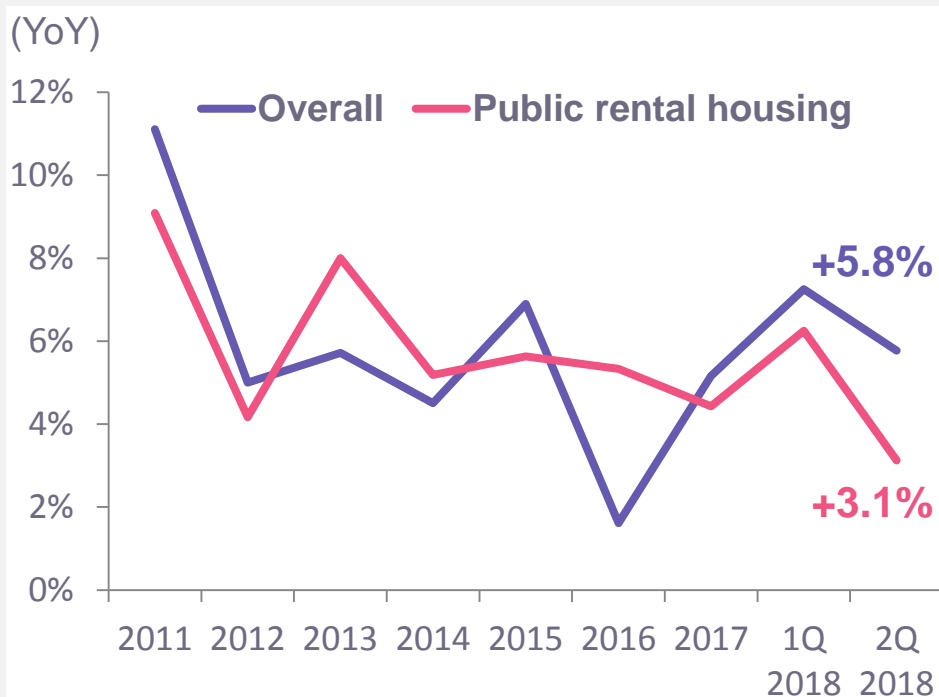


- Professional services
- TMT
- Pharmacy
- Industrial goods & services
- Retailers & consumer products
- Others

Outlook

Stable Hong Kong Economy

Solid median monthly household income growth



Source: Census & Statistics Department, Transport Department

Sound GDP growth

+3.5%
2Q 2018, YoY

Unemployment rate remained low

+2.8%
2Q 2018, YoY

Healthy non-discretionary retail sales and restaurant receipts growth

+5.2%
2Q 2018, YoY

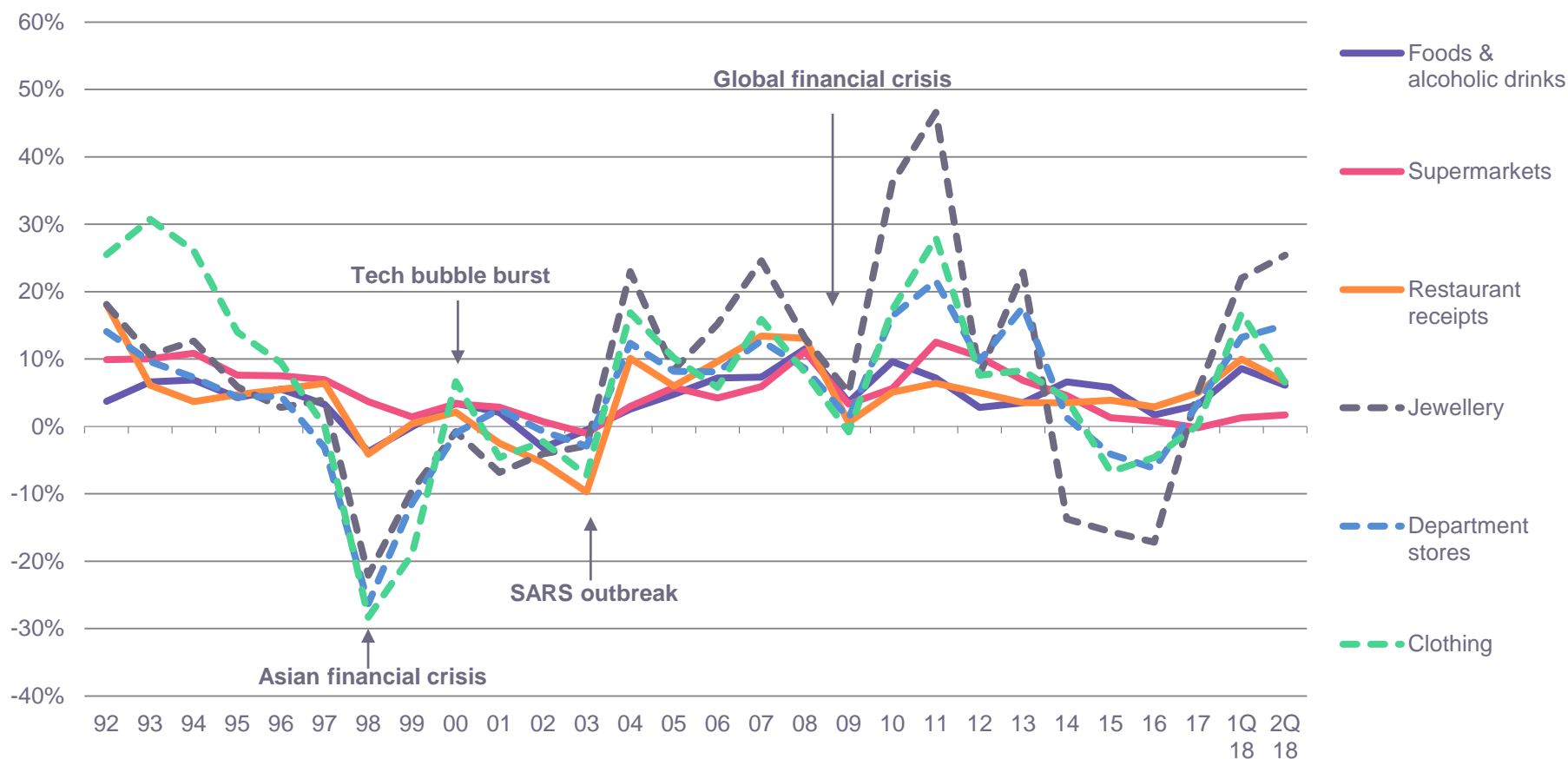
Continued car park demand and supply imbalance

+2.6%
Private cars
licensed
2Q2018, YoY

+0.6%
Private car
parking spaces
2Q2018, YoY

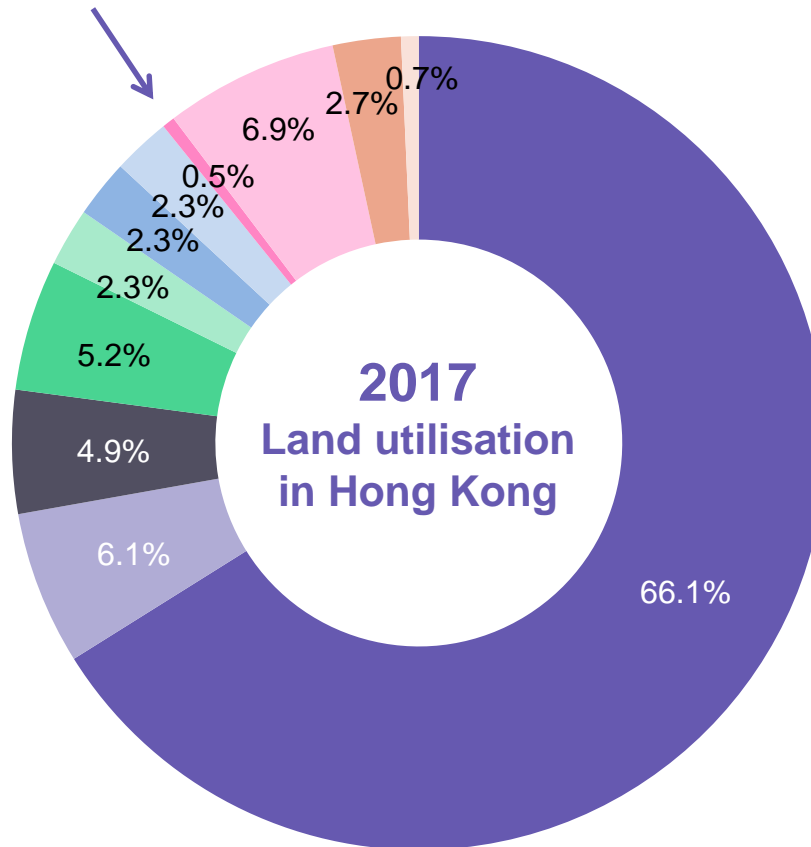
Discretionary Recorded The Strongest Growth While Non-Discretionary Remained Stable

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



Limited Commercial Land in Hong Kong

Commercial – 0.5%

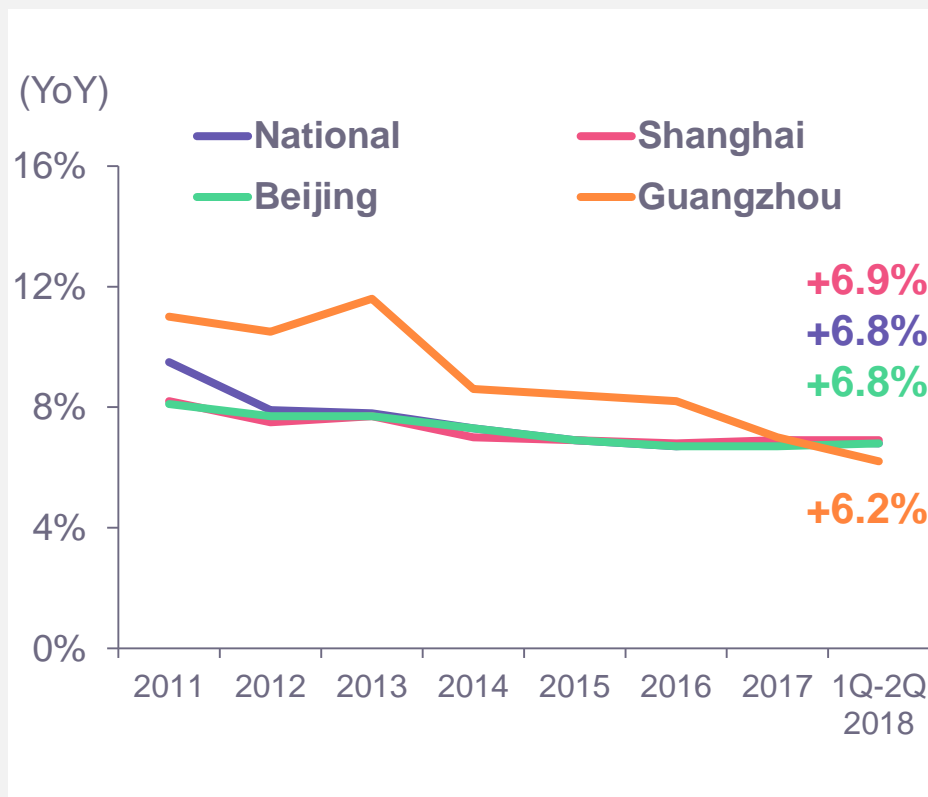


- Woodland/Shrubland/Grassland/Wetland
- Agriculture
- Other Urban or Built-up Land
- Transportation
- Open Space
- Institutional
- Industrial
- Commercial
- Residential
- Water Bodies
- Barren Land

Total land area : ~1,111 sq km

Stable Growth in Mainland China

GDP growth in line with National Target



Steady retail sales growth

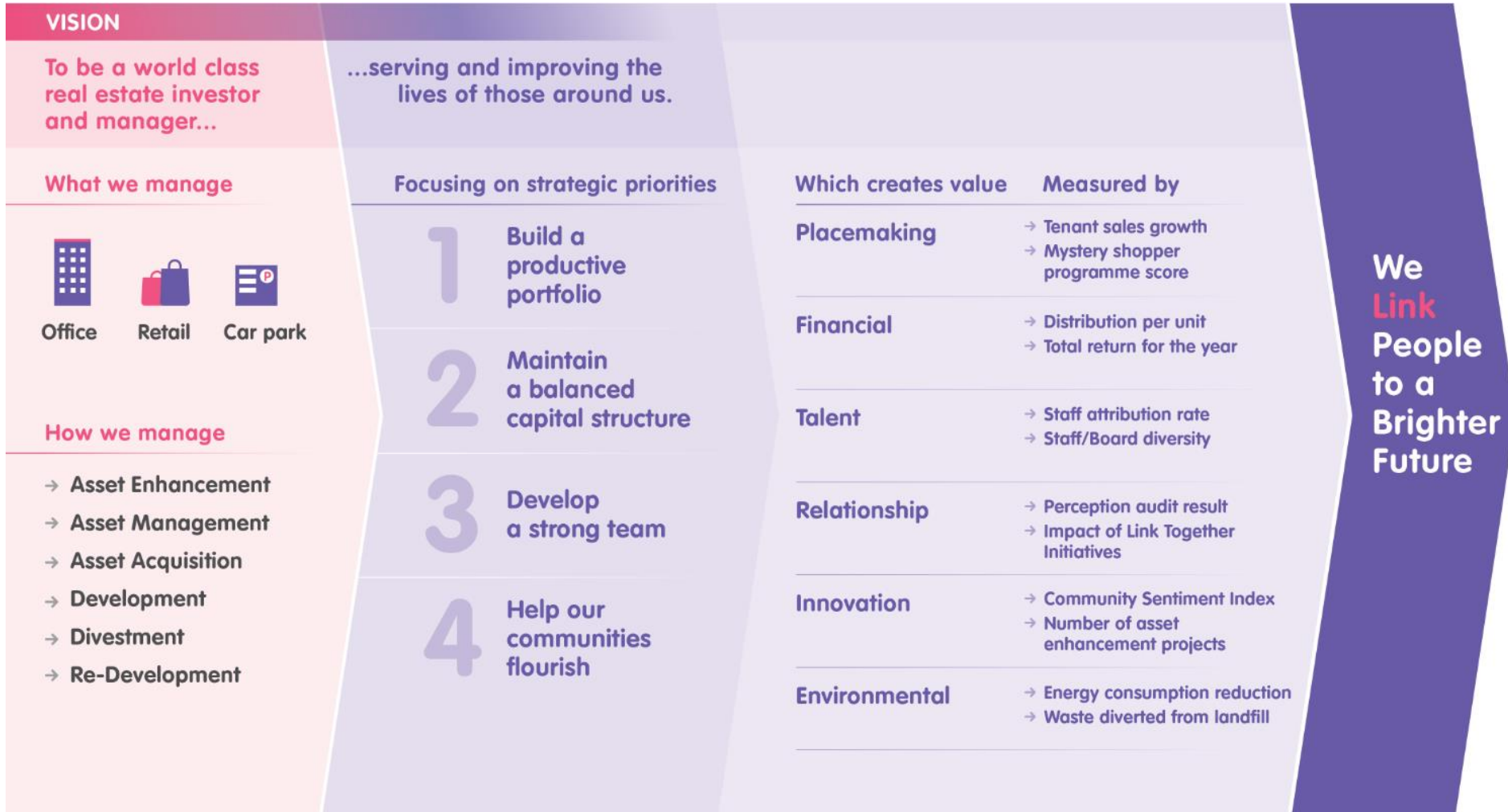
| | |
|------------------|----------------|
| +7.8% | +4.4% |
| Guangzhou | Beijing |
| 1Q-2Q2018, YoY | 1Q-2Q2018, YoY |

Stable core CBD Grade A office rental despite upcoming supply

-0.1%
Shanghai
2Q2018, YoY

Our Strategy

Link's Value Creation Model



Effective Portfolio Management 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%⁽¹⁾
CAGR

Robust return on investment

Unit price
+15.5%⁽¹⁾
CAGR

DPU
+12.4%⁽¹⁾
CAGR

Better resource allocation

Improved market value

Net asset value per unit
+18.9%⁽¹⁾
CAGR

Note:

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

Strong Team to Support Future Growth

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



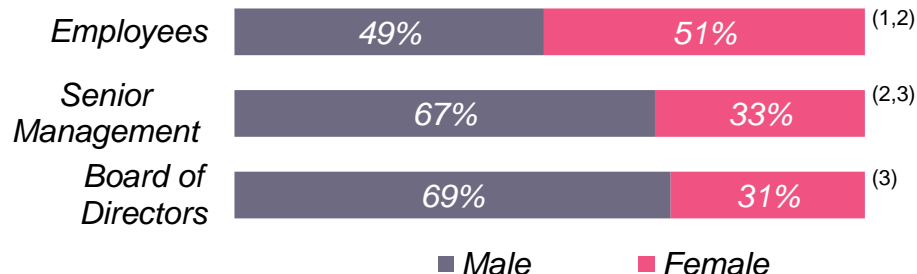
Diversity and inclusion

1st
REIT in Asia

To endorse the Women's Empowerment Principles

2nd
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.



Serving the Communities Around Link

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

Link Together Initiatives

Case Study: Surplus Food Donation

“Food Angel-Love and Food Sharing” project ⁽¹⁾

- Aims to collect and redistribute surplus food from Link’s fresh markets and shopping centres
- Uses Total Impact Assessment to calculate the impact of “Food Angel-Love and Food sharing” project to better assess the project’s efficiency and performance to improve future efforts



| Input | | Outcome |
|--|---|--|
| ~ 65.1 tonnes Surplus food donated from market tenants | ➤ | ~ 325k boxes Meal produced |
| HK\$1.00 Every dollar we invested | ➤ | HK\$2.10 ⁽²⁾ Socioenvironmental benefits to the community |

Notes:

(1) During the period from 1 October 2016 to 30 September 2017.

(2) The estimated return on investment from the Total Impact Assessment is calculated based on the Social Return On Investment (“SROI”) Framework, with the value of socio-environmental benefits divided by the value of investment.

Environmental Contribution

Reduction in Energy Consumption

Strategic Programmes

- *Energy Management System programme* to optimise chiller efficiency
- *Building Management System* to control key building equipment
- Collect details to determine initiatives

Engaging Tenants

- Launched *“Tenant Energy Efficiency Program”* - Partnered with local start-up to provide *smart metering technology & data analysis services*

Energy Savings Target

20/30 ➤ 20/35

- *Achieved the target of reducing 30% of energy consumption by 2020 based on FY2010 in FY2017/18*

- *Resetting the target reduction to 35%*

Enriching Retail Experience through Innovations

Parking

Real time parking
information

Find my Car



Dining & shopping

Shopping
directory
and mall map

E-Queuing



Tenant offers



>270,000⁽¹⁾

Downloads since launch



9 major e-payment service
providers as partners

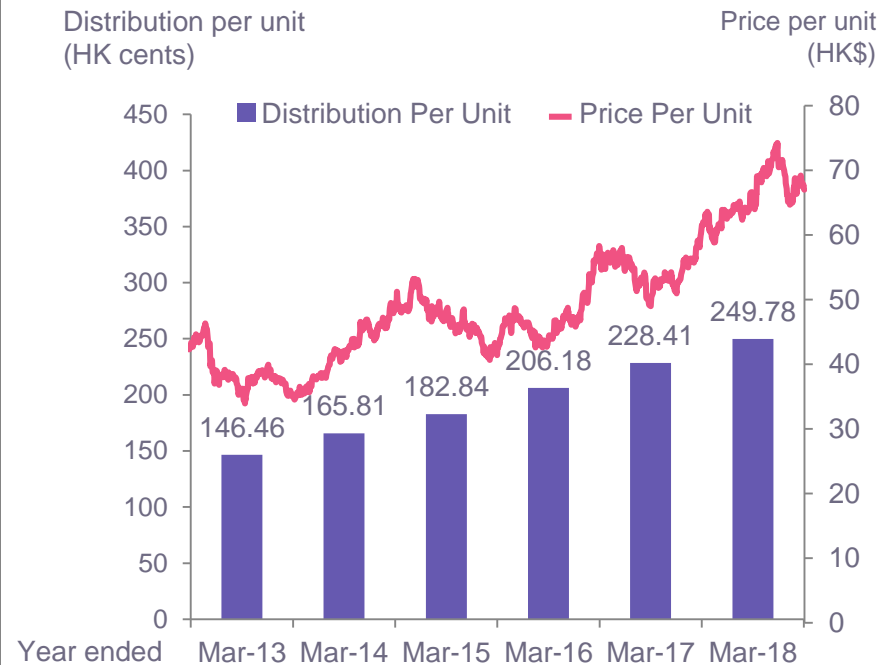


Multiple Growth Drivers to Deliver Returns

Improving asset quality



Continuously growing total return



Compound annual total return since listing +18.6% ⁽¹⁾

Note:

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

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 ⁽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 |
| Total | 452,915 | 324,330 | 876,935 | 640,027 | 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, 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 ⁽⁵⁾ |
|----------------|----------------------------------|--------------------------------------|-------------------------|--------------------------------------|
| FY14/15 | 9 | 2,956 | 33% ⁽¹⁾ | 20% |
| FY15/16 | 5 | 1,716 | 30% ⁽²⁾ | 21% |
| FY16/17 | 14 | 7,288 | 24% ⁽³⁾ | 19% |
| FY17/18 | 17 | 23,000 ⁽⁶⁾ | 52% ⁽⁴⁾ | 23% |
| Total | 45 | 34,960 | | |

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 ⁽¹⁾ | 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 |
| Profit for the year, before transactions with Unitholders attributable to Unitholders | 47,761 | 17,711 | 169.7 |

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 ⁽¹⁾ | 150 | 83 | 80.7 |
| Total distributable amount | 5,431 | 5,075 | 7.0 |
| Distribution per unit (HK cents) | 249.78 | 228.41 | 9.4 |

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 |
| Net assets attributable to Unitholders | 178,594 | 147,634 | 138,241 |
| Units in Issue (M) | 2,150.1 | 2,199.9 | 2,213.0 |
| Net asset value Per Unit | 83.06 | 67.11 | 62.47 |

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 ⁽¹⁾ | 6,414 ⁽²⁾ |
| 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 |
| Total | 203,091 | 174,006 |

| Income Capitalisation Approach – Capitalisation Rate | As at 31 Mar 2018 | As at 31 Mar 2017 |
|--|----------------------|----------------------|
| Hong Kong | | |
| 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% |
| Mainland China | | |
| Retail properties | 4.50 – 4.75% | 4.50% |
| Office properties | 4.25% | 4.25% |

DCF Approach – Discount Rate

| | | |
|-----------------------|--------------|--------------|
| Hong Kong | 7.50% | 7.50% |
| Mainland China | | |
| Retail properties | 7.25 – 7.75% | 7.25 – 7.50% |
| Office properties | 7.25% | 7.25% |

Independent valuer: JLL

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 % |
|---|-------------------------------------|-------------------------------------|------------|--|
| Retail rentals: | | | | |
| Shops ⁽¹⁾ | 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 |
| Car park rentals: | | | | |
| Monthly | 1,537 | 1,456 | 5.6 | 16.8 |
| Hourly | 509 | 484 | 5.2 | 5.6 |
| Expenses recovery and other miscellaneous revenue: | | | | |
| Property related revenue ⁽²⁾ | 402 | 389 | 3.3 | 4.4 |
| Total | 9,139 | 8,681 | 5.3 | 100.0 |

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 |
| Total property expenses | 2,160 | 2,146 | 0.7 | 100.0 |

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 ⁽²⁾ | - | 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 – Portfolio Metrics

| | As at 31 Mar 2018 | As at 31 Mar 2017 | Change |
|--|---------------------------|---------------------------|---------------|
| Average monthly unit rent (psf pm) | | | |
| ■ Shops | HK\$62.7 | HK\$55.2 | +13.6% |
| ■ Overall (ex self use office) | HK\$62.4 | HK\$55.3 | +12.8% |
| Occupancy rate | | | |
| ■ 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 |
| Composite reversion rate | | | |
| ■ 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% |
| Net property income margin | 76.4% | 75.3% | +1.1ppts |
| Car park income per space per month | HK\$ 2,492 | HK\$ 2,239 | +11.3% |

Appendix 12: Hong Kong Portfolio – Lease Expiry Profile

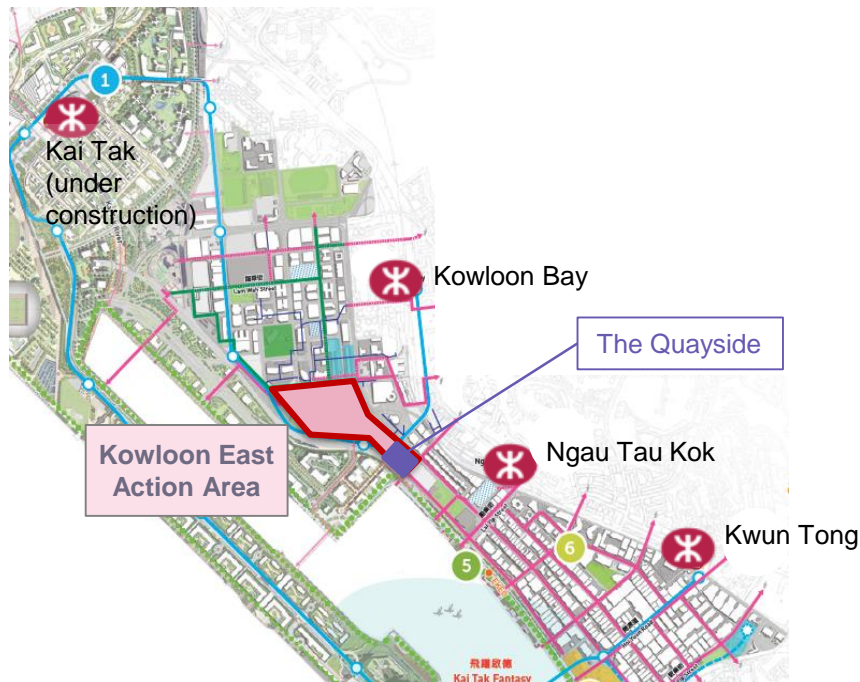
| As at 31 March 2018 | As % of total area % | As % of monthly rent % |
|------------------------------|-------------------------|---------------------------|
| FY18/19 | 31.7 | 27.2 |
| FY19/20 | 21.7 | 23.0 |
| FY20/21 and Beyond | 37.3 | 44.2 |
| Short-term Lease and Vacancy | 9.3 | 5.6 |
| Total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

Appendix 13: Mainland China Portfolio – Lease Expiry Profile

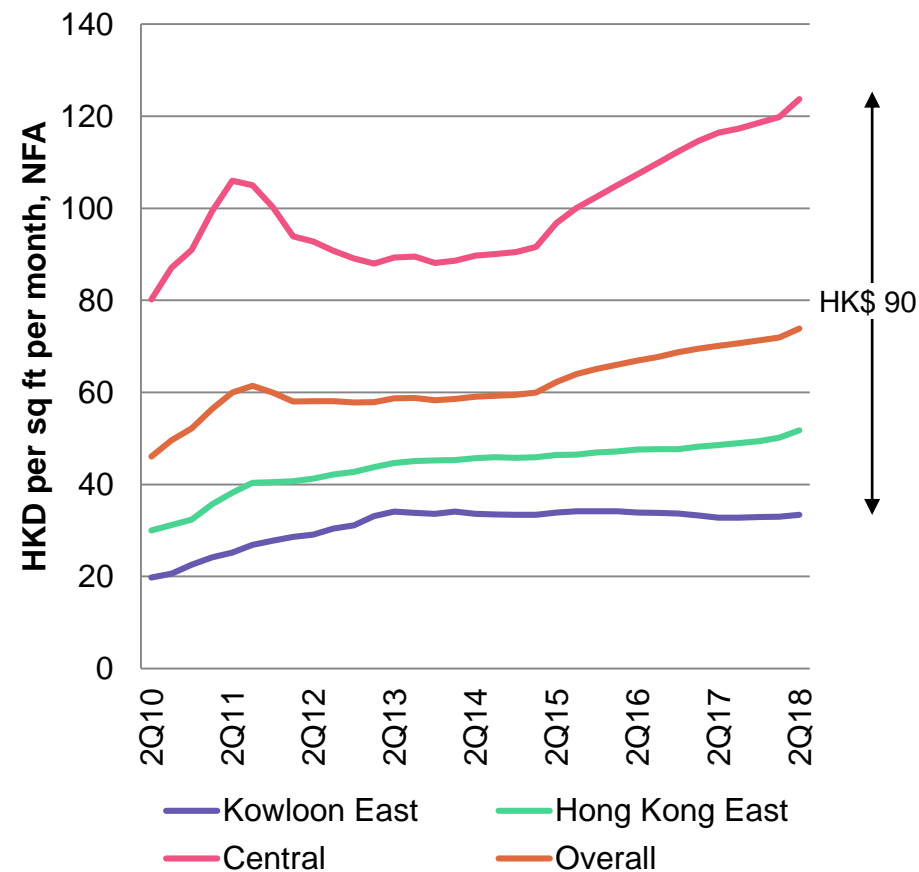
| As at 31 March 2018 | Retail | | Office | |
|----------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|
| | As % of total area (%) | As % of monthly rent (%) | As % of total area (%) | As % of monthly rent (%) |
| 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 | - |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Appendix 14: Market Update – Kowloon East

Location of The Quayside

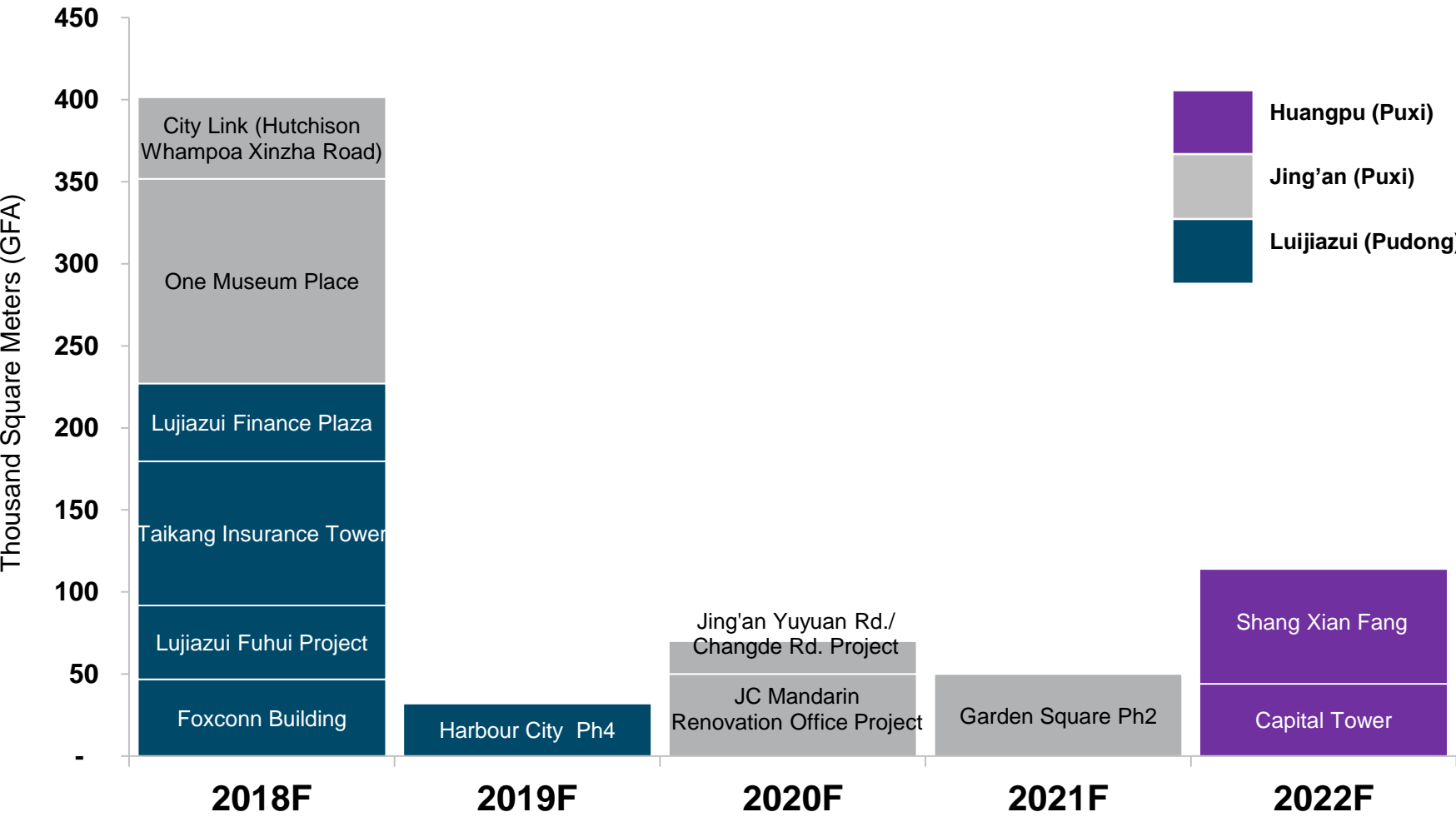


Rental gap between Central and Kowloon East



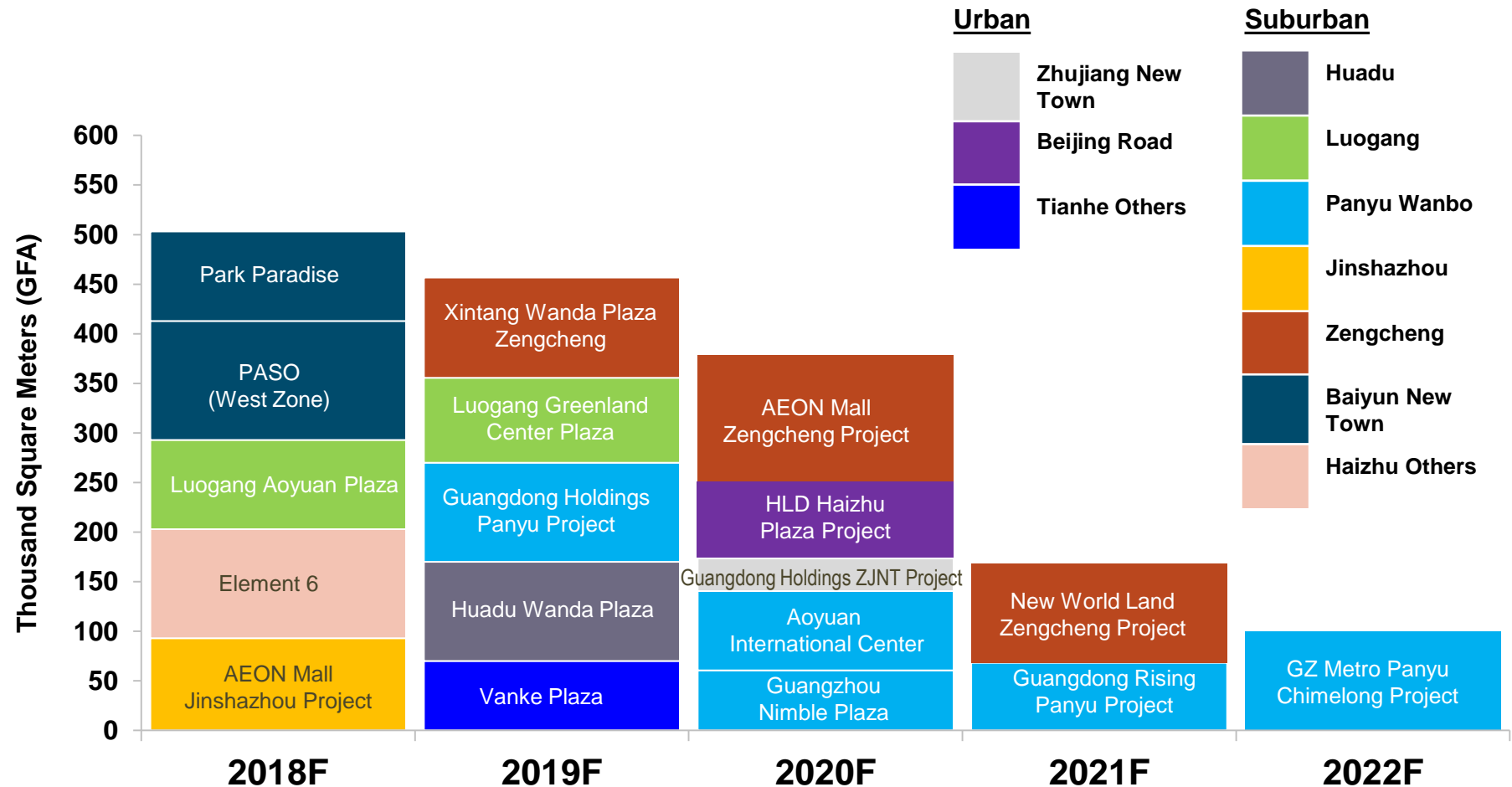
Appendix 15:
Market Update – Grade A Office Supply in Shanghai
Core CBDs

領展
LINK



Note: Forecasts as at 2Q 2018.
Source: JLL

Appendix 16: Market Update – Large Scale Retail Supply in Guangzhou



No new large scale retail supply in Liwan District up to 2022

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