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Link Real Estate Investment Trust

*(a collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*
(stock code: 823)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the **Board**) of Link Asset Management Limited (the **Manager**), as manager of Link Real Estate Investment Trust (**Link**), is pleased to report to unitholders of Link (the **Unitholders**) the unaudited interim results of Link and its subsidiaries (the **Group**) for the six months ended 30 September 2023.

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2023, after review by the audit and risk management committee of the Manager (the **Audit and Risk Management Committee**), were approved by the Board on 8 November 2023.

OVERALL FINANCIAL RESULTS

Revenue and net property income grew 11.3% and 10.4% year-on-year to HK\$6,725 million (six months ended 30 September 2022: HK\$6,042 million) and HK\$5,063 million (six months ended 30 September 2022: HK\$4,587 million), respectively, mainly attributable to the contribution of the newly acquired Singapore assets and the robust performance in the Hong Kong market.

Finance costs surged by 67.2% to HK\$1,010 million (six months ended 30 September 2022: HK\$604 million), mainly due to new Singapore dollar denominated loan facilities in support of our Singapore acquisitions. Excluding the impact of funding for new acquisitions, our net finance costs remained steady despite higher market interest rates. Total distributable amount grew 1.7% to HK\$3,333 million in 1H 2023/2024 (six months ended 30 September 2022: HK\$3,277 million).

Valuation of the investment property portfolio declined to HK\$229,094 million (31 March 2023: HK\$237,469 million), mainly due to expansion of income capitalisation rates to reflect the higher market interest rates and more uncertain market situations as well as HK\$2,617 million of foreign currency depreciation. As a result, our net assets attributable to the Unitholders declined 4.1% to HK\$181.2 billion (31 March 2023: HK\$188.9 billion).

Distribution per unit (**DPU**) for the period was HK130.08 cents due to the enlarged unit base as a result of the one-for-five Rights Issue (***the Rights Issue***). Based on the same unit base after the Rights Issue, DPU would have increased by 0.4%. Net asset value per unit decreased by 4.4% to HK\$70.72 (31 March 2023: HK\$73.98). Net gearing as of end September was 18.0% (31 March 2023: 17.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Highlights – China

Hong Kong Portfolio

We own and manage a portfolio comprising 130 community commercial assets, including non-discretionary retail assets, fresh markets, car parks and an office asset in Hong Kong, together with approximately 57,000 car park spaces attached/adjacent to public residential estates with direct connectivity to major public transportation hubs.

These assets, being an integral part of Hong Kong's consumption infrastructure, provide us with resilient revenue streams which enable us to weather economic cycles. They offer daily necessities and essential services to shoppers, while parking facilities are made available to residents of the surrounding estates and the general public. In addition to our community commercial assets, our Hong Kong portfolio also comprises The Quayside, an office building located in Kowloon East, of which we own 60% via a joint venture, as well as two car park/car service centres and godown buildings in Hung Hom and Chai Wan.

Retail

- Total revenue and net property income of our Hong Kong retail portfolio registered a growth of 2.4% and 1.0% year-on-year respectively. Portfolio occupancy remained at an all-time high of 98.0% as at the end of the reporting period. This is attributable to our proactive strategies for securing demand from emergent retailers. Furthermore, our focused efforts in nurturing and fostering tenants who exhibit growth within our portfolio have also contributed to our robust operational performance.
- Over 300 new leases were signed during the reporting period. The average unit rent was HK\$64.3 in 1H 2023/2024, representing an uptick from the previous reporting period.

- With the recovery in tourist arrivals and improved labour market conditions, the retail market in Hong Kong grew from its low base of the previous year. Nevertheless, the market still faces uncertainties due to tight financial conditions and softer global economic conditions. Link's operational performance outstripped the market throughout the pandemic. From this higher base, we have continued to grow and demonstrate continued outperformance over the longer term.
- Our tenant sales growth per square foot surpassed pre-COVID levels during our FY 2022/2023, and we have maintained our upward growth trajectory at a rate of 3.1% in this reporting period. This is reflected in rental reversions, which achieved 8.7% in 1H 2023/2024. Our overall rent-to-sales ratio further normalised to a healthy and sustainable 12.4%.
- Our track record in active asset management, one of the cornerstones of our business, equips us to unlock potential value from our real estate assets. Through this approach, the shopping experience at our malls is enriched, and customer touchpoints are continually revitalised. In 1H 2023/2024, we completed Tung Tau Market conversion with a total expenditure of HK\$28 million and an estimated return on investment (**ROI**) of 15.9%.
- Our asset enhancement pipeline includes Kai Tin, Butterfly, Kin Sang, Fu Shin, Sau Mau Ping, and Lei Yue Mun, which are all currently underway. These projects are expected to incur capital expenditures of HK\$139 million, HK\$26 million, HK\$60 million, HK\$39 million, HK\$58 million and HK\$56 million respectively and are slated for completion by late 2023 to early 2025. The total estimated expenditure for our asset enhancement projects in Hong Kong under planning and statutory approval is almost HK\$700 million.

Revenue Breakdown

	Six months ended 30 September 2023 HK\$'M	Six months ended 30 September 2022 HK\$'M	Year-on-year change %
Retail rental:			
Shops ⁽¹⁾	2,518	2,460	2.4
Markets/Cooked Food Stalls	529	502	5.4
Education/Welfare and Ancillary	74	73	1.4
Mall Merchandising	95	90	5.6
Expenses recovery and other miscellaneous revenue⁽²⁾	515	520	(1.0)
Total retail revenue	3,731	3,645	2.4

Notes:

- (1) Rental from shops included base rent of HK\$2,466 million (six months ended 30 September 2022: HK\$2,418 million) and turnover rent of HK\$52 million (six months ended 30 September 2022: HK\$42 million).
- (2) Other miscellaneous revenue includes management fees, air conditioning service fees, promotion levies and miscellaneous revenue.

Operational Statistics

	Occupancy rate		Reversion rate		% of total area ⁽¹⁾
	As at 30 September 2023 %	As at 31 March 2023 %	Six months ended 30 September 2023 %	Six months ended 30 September 2022 %	As at 30 September 2023 %
Shops	98.4	98.3	8.1	6.8	83.9
Markets/Cooked Food Stalls	96.4	96.1	11.3	16.3	9.2
Education/Welfare and Ancillary	95.8	97.1	3.2	1.1	6.9
Total	98.0	98.0	8.7	8.5	100.0

Note:

- (1) Total excluding self-use office.

Tenant Retail Gross Sales Growth and Rent-to-sales Ratio

(Six months ended 30 September 2023)

Trade	Tenant retail gross sales growth psf %	Rent-to-sales ratio ⁽¹⁾ %
Food and Beverage	9.0	12.6
Supermarket and Foodstuff	(4.8)	11.6
General Retail ⁽²⁾	4.7	12.9
Overall	3.1	12.4

Notes:

⁽¹⁾ A ratio of base rent (excluding management fees) to tenant retail gross sales psf.

⁽²⁾ Including clothing and accessories, department stores, electrical and household products, personal care/ medicine, optical, books and stationery, newspapers, valuable goods, services, leisure and entertainment, and other retail.

Portfolio Breakdown

	No. of properties	Retail property valuation ⁽²⁾ As at 30 September 2023 HK\$'M	Retail rentals Six months ended 30 September 2023 HK\$'M	Average monthly unit rent ⁽¹⁾		Occupancy rate	
				As at 30 September 2023 HK\$ psf	As at 31 March 2023 HK\$ psf	As at 30 September 2023 %	As at 31 March 2023 %
Destination	6	26,335	627	77.7	78.1	97.4	97.2
Community	35	69,410	1,826	71.9	71.0	98.4	98.4
Neighbourhood	57	29,988	763	46.5	46.1	97.8	97.8
Total	98	125,733	3,216	64.3	63.8	98.0	98.0

Notes:

⁽¹⁾ Average monthly unit rent represents the average base rent (excluding management fees) per month psf of leased area.

⁽²⁾ Excluding a parcel of commercial-use land off Anderson Road, Kwun Tong of HK\$773 million.

Trade Mix

(As at 30 September 2023)

Trade	By monthly rent ⁽¹⁾ %	By leased area %
Food and Beverage	28.5	29.9
Supermarket and Foodstuff	21.6	17.1
Markets/Cooked Food Stalls	17.4	9.1
Services	10.3	10.3
Personal Care/Medicine	5.3	3.9
Education/Welfare and Ancillary	1.0	6.7
Valuable Goods (Jewellery, watches and clocks)	0.7	0.4
Others ⁽²⁾	15.2	22.6
Total	100.0	100.0

Notes:

⁽¹⁾ Refers to base rent (excluding management fees).

⁽²⁾ Others include clothing and accessories, department stores, electrical and household products, optical, books and stationery, newspapers, leisure and entertainment.

Lease Expiry Profile

(As at 30 September 2023)

	% of total area %	% of monthly rent ⁽¹⁾ %
2023/2024	14.9	15.2
2024/2025	33.2	31.6
2025/2026 and Beyond	45.1	47.2
Short-term Lease and Vacancy	6.8	6.0
Total	100.0	100.0

Note:

⁽¹⁾ Refers to base rent (excluding management fees).

Car Parks and Related Business

- Revenue from car parks and related business rose 5.2% year-on-year, resulting from consistent improvements in both monthly and hourly car park income.
- Monthly car park rental income increased by 4.5% year-on-year, mainly due to upward adjustments of car park tariffs during the reporting period. Hourly car park rental income grew 7.5% year-on-year, attributable to the low-to-mid single-digit car park tariff increment during the reporting period.
- Car park income per space per month continued its growth momentum, increased by 5.3% year-on-year to HK\$3,335.
- As at 30 September 2023, average car park valuation per space was approximately HK\$737,000, increased by 1.7% (31 March 2023: HK\$725,000).

Revenue Breakdown

	Six months ended 30 September 2023 HK\$'M	Six months ended 30 September 2022 HK\$'M	Year-on-year change %
Rental income:			
Monthly car parks	815	780	4.5
Hourly car parks	316	294	7.5
Car parks related business ⁽¹⁾	103	103	–
Expense recovery and other miscellaneous revenue	7	3	133.3
Total car parks and related business revenue	1,241	1,180	5.2

Note:

- ⁽¹⁾ Refers to contributions from two car park/car service centres and godown buildings in Hung Hom and Chai Wan.

Office

- As at 30 September 2023, The Quayside, an office building owned via a joint venture, recorded an occupancy rate of 86.1% due to the exit of two tenants. Nevertheless, replacement tenant commitment for leasing these spaces has been secured, thus lifting the committed occupancy rate to 98.2%.

- The flight-to-quality continues to be a significant influence on Kowloon East's office rental market. Key motives for corporate relocations include the desire to optimise space, consolidation and secure improved building quality.

Property Operating Expenses

- Total property operating expenses grew 7.2% year-on-year, mainly due to the increase in repair and maintenance and utilities costs. Net property income margin was 76.4% (six months ended 30 September 2022: 77.3%).
- Repair and maintenance increased by 25.3% year-on-year mainly due to the increase in minimum wage and repair and maintenance after extreme weather events this year.
- Utilities costs rose by 12.6% year-on-year during the reporting period. Strategies to curb the costs include further increasing energy efficiency through the replacement of equipment, deployment of technology and monitoring energy usage.

Property Operating Expenses Breakdown

	Six months ended 30 September 2023 HK\$'M	Six months ended 30 September 2022 HK\$'M	Year-on-year change %
Property managers' fees, security and cleaning	311	292	6.5
Staff costs	232	224	3.6
Repair and maintenance	104	83	25.3
Utilities	188	167	12.6
Government rent and rates	147	138	6.5
Promotion and marketing expenses	95	87	9.2
Estate common area costs	49	50	(2.0)
Provision for impairment of trade receivables	10	8	25.0
Other property operating expenses	74	80	(7.5)
Total property operating expenses	1,210	1,129	7.2

Mainland China Portfolio

Our Mainland China portfolio comprises retail assets, office asset and logistics assets in tier-one cities and the surrounding river delta areas. In RMB terms, total revenue was relatively flat. The lower revenue from the ongoing asset enhancements and stabilisation of two retail assets at Link Plaza Tianhe and Link CentralWalk was offset by new revenue streams from two newly acquired logistics assets. Net property income in RMB terms saw an increase of 2.5% largely due to stringent cost management. In HKD terms, due to foreign exchange, revenue was lower by 6.0% and net property income was lower by 3.0% year-on-year.

During the reporting period, macro conditions in Mainland China were more stable. However, the pace of its economic recovery was impacted by external challenges such as softer global economic conditions, geopolitical tensions, and a high-interest-rate environment. All said, consumer sentiment and retail sales in Mainland China continue to generate encouraging signs of revival. While the pace of this recovery may see some deviation from market expectations, the consistent improvement demonstrates a positive and promising upward trend.

Retail

- In the midst of retail recovery in Mainland China, which is steady and ongoing, footfall and gross sales per square foot in our retail portfolio have displayed solid growth, surpassing pre-COVID levels. Nevertheless, the pace of recovery varied across sectors – most notably in the F&B, electric vehicle, electrical appliance and entertainment sectors, which have displayed a stronger recovery and sustainable growth momentum.
- As of 30 September 2023, portfolio occupancy (including Qibao Vanke Plaza in Shanghai, our Qualified Minority-owned Property) remained high at 95.8%. The retail average reversion rate (including Qibao Vanke Plaza in Shanghai, our Qualified Minority-owned Property) stood at -5.2%, attributable to the softer momentum of recovery, but is anticipated to level off by the end of this year.
- Harnessing the full potential of our assets is pivotal to accelerating value creation for our unitholders. The first phase of the asset enhancement project at Link Plaza Tianhe had a soft reopening in September 2023. With a capital expenditure of ~RMB300 million, the project has yielded a ROI of ~12.0%. This asset will be repositioned as a dynamic, 24-hour urban lifestyle area. Designed as a hub for Generation-Z, this locale provides an outdoor children’s play area and abundant food offerings. This project truly exemplifies a venue where modern lifestyle meets playful energy, all nestled in the heart of Tianhe.

Office

- Despite the intensifying competition and the surge of new office supply in the Shanghai office market, the occupancy rate of Link Square in Shanghai was maintained at a healthy level of 91.5% as at 30 September 2023. To mitigate these external pressures, our leasing team has stepped up its efforts, proactively engaging with prospective tenants who demonstrate potential for expansion or are considering relocation. Importantly, rental reversion for Mainland China's office asset has seen visible improvement, narrowing from -14.5% in the 2022/2023 fiscal year to -7.5% in 1H 2023/2024.

Lease Expiry Profile

(As at 30 September 2023)

	Retail ⁽¹⁾		Office	
	% of total area %	% of monthly rent ⁽²⁾ %	% of total area %	% of monthly rent ⁽²⁾ %
2023/2024	14.2	16.6	6.8	8.8
2024/2025	19.4	29.4	13.1	15.7
2025/2026 and Beyond	62.2	54.0	71.6	75.5
Vacancy	4.2	–	8.5	–
Total	100.0	100.0	100.0	100.0

Notes:

⁽¹⁾ Qibao Vanke Plaza's leases were included.

⁽²⁾ Refers to base rent (excluding management fees).

Logistics

- Enhanced transportation connectivity and a pickup in domestic consumption have bolstered demand in the logistics sector. That said, new supply to the market during the reporting period has diluted demand. This is expected to normalise as the new supply is absorbed over time.
- Our logistics portfolio boasts five high-quality logistics assets strategically located near key transportation hubs in top-tier cities within the Greater Bay Area and the Yangtze River Delta. Despite the influx of new facilities, the occupancy rate of the warehouse spaces remains healthy at 95.0%, affected primarily by the ongoing leasing of the newly acquired Changshu North facilities. The acquisitions in Changshu South and North were completed in April and May 2023, respectively, with occupancy being ramped up.
- Complementing the growth of our logistics assets is our dynamic retail portfolio. With its ability to capitalise on the steady expansion of the e-commerce industry, the enduring growth potential of this sector remains promising.

Operational Highlights – International

Our international portfolio comprises 12 retail and office sector assets across Australia, Singapore and the United Kingdom. Revenue and net property income from our international portfolio increased 206.4% and 236.9% to HK\$861 million and HK\$603 million, respectively, mainly attributable to the contributions from newly acquired assets in Australia and Singapore.

During the period, we focused on optimising the performance of our overseas portfolio while Jurong Point and Swing By @ Thomson Plaza joined the fold following the completion of the acquisitions on 31 March 2023. The retail assets experienced continued recovery, some of which achieved pre-COVID levels of tenant sales growth. While this was partially externally driven, it was also a testament to the efficacy of our leasing strategies, which included the introduction of new and unique retailers. The international office assets positioning is to ride on the flight-to-quality theme, strengthening the placemaking strategy and ESG credentials.

Retail

Australia

- As Sydney reverts to normalcy with international and domestic tourists returning, a pick up in tenants' intentions to expand signals promising prospects for higher traffic in Sydney CBD. The portfolio occupancy rate stabilised at 98.1% as at 30 September 2023, which is demonstrative of latent tenant demand. The key piece is to deliver engaging product offerings to shoppers, providing them with an elevated retail experience, particularly as consumers are keen to socialise. This is achieved by continually refining the tenant mix; for instance, having a unique, eclectic mix of lifestyle brands with on-trend, independent F&B operators alongside enhanced food offerings that bring people together at our centres. Encouragingly, retail sales have grown from strength-to-strength, recovering towards pre-pandemic levels for most tenants.
- Other initiatives to improve our retail asset performances include collaboration with the City of Sydney Council to revitalise Sydney's night-time economy and upgrade the frontage of the Queen Victoria Building and The Galleries to make them more dynamic and visible. The pedestrianisation of George Street as a major boulevard presents new opportunities for the Queen Victoria Building, invigoration through placemaking and the introduction of arts and cultural events. Preliminary feasibility studies for the asset enhancement and engagement with the city council are well underway.

Singapore

- The acquisitions of two suburban retail assets in Singapore were completed at the end of March 2023. The assets acquired – Jurong Point and Swing By @ Thomson Plaza, as well as the management service agreement for AMK Hub – made their maiden contribution to our FY2023/2024 financials.
- Additionally, the new regional office in Singapore officially opened in July as part of our commitment to expansion in APAC. The portfolio and team integration achieved completion during the period, fostering closer collaboration by our Singapore colleagues with our Hong Kong and Mainland China teams and delivery of synergies.
- At the end of September, our portfolio exhibited solid asset fundamentals anchored by near full occupancy of 99.3%. While experiencing impacts from goods and services tax increases, the return of major international events and limited new retail supply in the coming years will support retail rent growth and demand. In our malls, tenant sales have largely recovered to pre-COVID levels, with the F&B and beauty & wellness sectors experiencing a more pronounced recovery.

Office

- Weighted average lease expiry (**WALE**) of our international office portfolio was ~5.3 years and occupancy was 95.1%. The embedded annual rental escalation incorporated in a predominant number of leases underpins the stability of income.
- The external macro headwinds continue to buffet the office sector. Our proactive approach to navigating the challenges includes positioning our assets as beneficiaries of the flight-to-quality trend. Specifically, the ongoing asset enhancements at 347 Kent Street, where speculative fit-out projects are underway, as well as the lobby refurbishment and speculative fit-out works at The Cabot.

Valuation Review

- Cushman & Wakefield Limited (**C&W**), the principal valuer of Link, valued Link's property portfolio as at 30 September 2023 using the income capitalisation method with cross-reference to market comparables, and in addition, for international properties where international valuation standards require the discounted cashflow method. C&W valued the parcel of commercial land off Anderson Road, Kwun Tong, using the residual method. The valuation methods are in line with market practice in Hong Kong, Mainland China and overseas markets of property valuation, and the proposed change is in compliance with the Trust Deed and the Manager's compliance manual.
- As of 30 September 2023, the total value of investment properties declined 3.5% to HK\$229,094 million compared to 31 March 2023, mainly due to adjustment of market rent and cap rate expansion for most properties.
- The value of our Hong Kong retail properties decreased by 2.6% to HK\$126,506 million compared to 31 March 2023 due to adjustment of market rent and cap rate expansion. The value of car parks and related business increased by 1.3% to HK\$47,448 million, mainly driven by an increase in net passing income from car parks assets. The value of Hong Kong office property decreased by 10.4% to HK\$7,400 million due to adjustment of market rent, cap rate expansion and more conservative valuation assumptions to reflect weak office demand.
- Our properties in Mainland China (including 50% value of Qibao Vanke) were valued at HK\$31,575 million (31 March 2023: HK\$35,168 million). The 10.2% decrease in valuation was mainly attributable to the adjustment of market rent and cap rate expansion. Excluding the translation differences and on a like-for-like basis, the value of our Mainland China properties would have gone down by 5.8% in Renminbi terms.
- The valuation of our retail and office buildings (including our 49.9% value in the five prime office assets in Sydney and Melbourne) in Australia was HK\$2,774 million (31 March 2023: HK\$2,895 million) and HK\$8,235 million (31 March 2023: HK\$9,361 million), respectively. Excluding the exchange translation difference, the valuation of retail portfolio remains unchanged, while the decrease in office portfolio was mainly due to cap rate expansion.
- The value of the United Kingdom office building was HK\$2,162 million as at 30 September 2023 (31 March 2023: HK\$2,780 million). Excluding the exchange loss from the depreciation of the British Pound of HK\$38 million, the decrease of HK\$580 million in valuation was mainly attributable to cap rate expansion.
- Our properties in Singapore were valued at HK\$13,218 million (31 March 2023: HK\$13,630 million), the slight decrease in value was due to depreciation of Singapore Dollar against Hong Kong Dollar.
- Our overseas investments were principally funded by local currency borrowings as currency hedges. The exchange translation differences were largely offset.

Valuation

	Valuation		Capitalisation Rate	
	As at 30 September 2023 HK\$'M	As at 31 March 2023 HK\$'M	As at 30 September 2023	As at 31 March 2023
Hong Kong				
Retail properties	126,506	129,819	3.25% – 4.60%	3.10% – 4.50%
Car parks and related business	47,448	46,823	2.70% – 4.90%	2.60% – 4.80%
Office property	7,400 ⁽¹⁾	8,255 ⁽¹⁾	3.30%	3.00%
	<u>181,354</u>	<u>184,897</u>		
Mainland China				
Retail properties	23,413 ⁽²⁾	26,309 ⁽²⁾	4.65% – 5.15%	4.50% – 5.00%
Office property	5,359	6,364	4.65%	4.25%
Logistics properties	2,803	2,495	5.15%	5.00%
	<u>31,575</u>	<u>35,168</u>		
Australia				
Retail properties	2,774	2,895	5.00% – 5.38%	4.88% – 5.25%
Office properties	8,235 ⁽³⁾	9,361 ⁽³⁾	4.75% – 5.75%	4.50% – 5.25%
	<u>11,009</u>	<u>12,256</u>		
United Kingdom				
Office property	2,162 ⁽⁴⁾	2,780 ⁽⁴⁾	7.50%	6.00%
Singapore				
Retail properties	13,218	13,630	3.80% – 4.50%	3.80% – 4.50%
Total valuation	<u>239,318</u>	<u>248,731</u>		
Total valuation of investment properties	<u>229,094⁽⁵⁾</u>	<u>237,469⁽⁵⁾</u>		

Notes:

- (1) Represents the office portion only of The Quayside. Includes two floors of The Quayside occupied by Link as at 31 March 2023 and 30 September 2023.
- (2) Includes 50% value of Qibao Vanke Plaza.
- (3) Includes 49.9% value of the prime office portfolio in Sydney and Melbourne.
- (4) Includes two floors of The Cabot occupied by Link for co-working space business as at 31 March 2023 and 30 September 2023.
- (5) Excludes two floors of The Quayside & two floors of The Cabot occupied by Link, classified as property, plant and equipment, the 50% value of Qibao Vanke Plaza and the 49.9% value of the prime office portfolio in Sydney and Melbourne.

Capital Management

(Face Value as at 30 September 2023)

During the period under review, Western economies continued to face sustained inflationary pressure, elevated interest rates and foreign exchange rate volatility. These challenges were complicated by the increasing risks of recession and geopolitical tension. Although there were indications that the US inflation rate started to decelerate and the interest rate hike cycle approached its peak, interest rates are expected to stay at elevated levels in 2024.

While Western economies grappled with persistently high inflation, Mainland China experienced relatively low levels of inflation. Such divergence in economic conditions has led to the adoption of different monetary policies by the central banks of Western economies and Mainland China, posing further challenges for capital management.

Link continued to proactively manage interest rates and foreign currency hedging to protect against market volatility and to reserve ample liquidity to potentially capture accretive growth opportunities. Against the backdrop of higher-for-longer interest rates and rising exchange rate volatility, Link's strategy is underpinned by a steadfast commitment to its prudent capital management stewardship.

Robust financial positions strengthened by rights issue

After successfully completing the HK\$18.8 billion one-for-five Rights Issue in March 2023, we significantly strengthened our capital base and anticipate no refinancing requirements before the end of 2024.

As of 30 September 2023, HK\$9.2 billion of the Rights Issue net proceeds were used for debt repayment, and HK\$0.4 billion were utilised for the completion payment for the acquisition of two logistics assets in Changshu South and Changshu North, Jiangsu Province, respectively. We will exercise caution and patience when we consider deployment of the balance of proceeds as property markets continue to reprice.

Disciplined debt and interest rate management

During the period under review, our gross gearing reduced from 24.2% to 23.2% after the repayment of HK\$6.0 billion bank loans. We have strategically positioned our debt portfolio for a higher-for-longer interest rate environment and increased the proportion of fixed-rate debts from 56.8% to 69.8% to minimise our exposure to interest rate fluctuations. Our interest rate strategy was proved to be effective. Despite the substantial surge in the market interest rates during the period, our average all-in borrowing cost was maintained at a competitive level of 3.74%.

- Total debt declined by HK\$6.0 billion to HK\$59.7 billion as at 30 September 2023.

- Gross gearing ratio decreased marginally from 24.2% to 23.2% as at 30 September 2023.
- Net gearing ratio largely maintained at a low level of 18.0% as at 30 September 2023.
- Total liquidity stood at HK\$22.8 billion as at 30 September 2023, comprising HK\$9.7 billion undrawn committed facilities and HK\$13.1 billion cash and bank balances.
- Average all-in borrowing cost for the six months ended 30 September 2023 was 3.74%.
- Debt maturity averaged at 3.4 years and remains well staggered over the coming 15 years.
- 69.8% of our debt portfolio was maintained at fixed interest rates as at 30 September 2023, which increased substantially from 56.8% as at 31 March 2023.

Prudently managed foreign currency exposure

During the period, USD continued to strengthen against many other currencies due to the high USD interest rate and strong US economy. HKD is pegged to USD, meaning that those foreign currencies also depreciated against HKD. Notwithstanding that, we have adopted a prudent foreign currency strategy to minimise Link's foreign currency exposure and to reduce fluctuations in distributable income.

- All overseas investments (i.e., Australia, Singapore and the UK portfolios) in foreign currencies were essentially fully hedged through local currency-denominated borrowings and foreign currency forward contracts.
- During the period, we have capitalised on the favourable interest rate differentials between RMB and HKD currencies to increase the RMB currency asset hedging ratio. As at 30 September 2023, approximately half of our RMB asset exposure was hedged with RMB-denominated borrowings and currency swap contracts.
- Distributable income from non-Hong Kong properties was substantively hedged into HKD terms on an annual basis through foreign currency forward contracts to mitigate the volatility in distributable income.

Optimise value for Unitholders

- **Distribution reinvestment scheme:** Provides eligible Unitholders with the option to reinvest in Link's units for scrip distributions. In respect of the final distribution for the year ended 31 March 2023, HK\$351 million of the cash distribution was reinvested, with approximately 8.1 million new units issued at a unit price of HK\$43.435.
- **Unit buyback:** We have not executed any buybacks during the period under review. As one of our tools to add value and return capital to unitholders, we will conduct unit buybacks from time to time to stabilise our unit price during market shocks and price dislocations, taking into consideration market conditions and regulatory requirements.
- **Relevant Investments:** As at 30 September 2023, a bond portfolio with a market value of HK\$953 million was held. For the six months ended 30 September 2023, a total of HK\$200 million bonds matured and were redeemed in full. None of the bonds held was subject to default.

Credit ratings supported by resilient performance

- Link's credit ratings remain unchanged from the prior reporting period at A2/Stable (Moody's), A/Stable (S&P) and A/Stable (Fitch).
- Rating agencies have acknowledged Link's resilient financial fundamentals, diversification strategy and well-managed capital structure and recognise the lower gearing and increased financial buffers for our credit ratings following the Rights Issue.

Debt Profile Breakdown

(Face Value as at 30 September 2023)

Debt Mix by Types

	<i>HK\$ billion</i>	<i>%</i>
Bank Loans	32.9	55.1%
Medium Term Notes (<i>MTN</i>)	22.7	38.0%
Convertible Bond (<i>CB</i>)	4.1	6.9%
Total	59.7	100.0%

Debt Mix by Fixed/Floating Rates

(After interest rate swap)

	<i>HK\$ billion</i>	<i>%</i>
Fixed	41.7	69.8%
Floating	18.0	30.2%
Total	59.7	100.0%

Debt Mix by Years to Maturity

	<i>HK\$ billion</i>	<i>%</i>
Due in 2024/2025	9.3	15.6%
Due in 2025/2026	11.3	18.9%
Due in 2026/2027	17.3	29.0%
Due in 2027/2028	15.1	25.3%
Due in 2028/2029 and beyond	6.7	11.2%
Total	59.7	100.0%

Debt Mix by Currencies

(After currency swap)

	<i>HK\$ billion</i>	<i>%</i>
HKD	31.3	52.4%
RMB	5.3	8.9%
AUD	7.4	12.4%
SGD	12.8	21.4%
GBP	2.9	4.9%
Total	59.7	100.0%

Corporate Strategy

Link's commitment to sustainable growth and investor value is unwavering. Our Link 3.0 strategy reinforces this commitment and is built on three pillars: on Balance Sheet Assets, Operational Excellence and the evolution of a Fund Management Platform.

Our portfolio of on Balance Sheet Assets remains our key income driver. It is rigorously evaluated and actively managed, ensuring resilience in fluctuating markets and presenting opportunities for growth.

Operational Excellence is our core philosophy; it underpins our Operating Platform and is a central tenet of the growth of our balance sheet and fund management platform. We focus on efficiency, productivity and tenant satisfaction, utilising technology and data analytics for streamlined operations and actionable insights. Innovation and proactivity in operations enable us to maintain a line of sight, act swiftly and deliver market-leading solutions.

Building on the strong track record of our internal REIT manager, the Fund Management Platform leverages our operational strengths and represents a natural evolution in the next stage of Link's development. This not only diversifies our capital sources, tapping both public equities and private market funding, but also creates sustainable revenue streams, driving new avenues of growth for our investors.

OUTLOOK

Guided by our Link 3.0 strategy, with a well-capitalised balance sheet and led by a dedicated team, Link is not only well-prepared for future growth but also resilient in the face of current economic uncertainties and the anticipated 'higher-for-longer' interest rate environment. Our strategic direction to diversify our income by geographies and asset classes and to adopt an asset-lighter approach for additional capital sources will position us well to navigate volatile conditions. Coupled with our commitment to ESG and sustainability, we are confident in our capability to leverage emerging opportunities while adeptly managing any immediate challenges. Our ultimate aim remains clear: to deliver long-term, sustainable growth for our Unitholders.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Revenue	4	6,725	6,042
Property operating expenses	6	(1,662)	(1,455)
Net property income		5,063	4,587
General and administrative expenses		(383)	(328)
Change in fair values of investment properties and impairment of goodwill and property, plant and equipment	12, 13 & 15	(6,632)	10,853
Interest income		274	37
Finance costs	7	(1,010)	(604)
Share of net (losses)/profits of joint ventures	14	(392)	160
(Loss)/profit before taxation and transactions with Unitholders	8	(3,080)	14,705
Taxation	10	(570)	(688)
(Loss)/profit for the period, before transactions with Unitholders		(3,650)	14,017
Distributions paid to Unitholders		(3,034)	(3,083)
		(6,684)	10,934
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		(8,122)	7,924
Amount arising from reserve movements	26	1,714	2,986
Non-controlling interests		(276)	24
		(6,684)	10,934
(Loss)/profit for the period, before transactions with Unitholders attributable to			
– Unitholders (Note)	11	(3,374)	13,993
– Non-controlling interests		(276)	24
		(3,650)	14,017

Note: (Loss)/earnings per unit, based upon (loss)/profit for the period, before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in Note 11 to the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Before transactions with Unitholders (Unaudited) HK\$'M	Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M	After transactions with Unitholders (Note (ii)) (Unaudited) HK\$'M	Non- controlling interests (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Six months ended 30 September 2023					
Loss for the period	(3,374)	5,088	1,714	(276)	1,438
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	50	–	50	–	50
– Costs of hedging reserve	10	–	10	–	10
– Exchange reserve	(1,774)	–	(1,774)	(23)	(1,797)
Total comprehensive loss for the period	(5,088)	5,088	–	(299)	(299)
Six months ended 30 September 2022					
Profit for the period	13,993	(11,007)	2,986	24	3,010
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	518	–	518	–	518
– Exchange reserve	(3,504)	–	(3,504)	(37)	(3,541)
Total comprehensive income for the period	11,007	(11,007)	–	(13)	(13)

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$3,034 million (2022: HK\$3,083 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, which is a decrease of HK\$8,122 million (2022: an increase of HK\$7,924 million).
- (ii) In accordance with the Trust Deed, the units of Link contain contractual obligations to pay to its Unitholders cash distributions and also, upon the termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with Hong Kong Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, are finance costs. Accordingly, the total comprehensive income attributable to Unitholders after the transactions with Unitholders is zero.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders	(3,374)	13,993
Adjustments (<i>Note (i)</i>):		
– Change in fair values of investment properties and impairment of goodwill and property, plant and equipment	6,844	(10,879)
– Deferred taxation on change in fair values of investment properties	(42)	84
– Change in fair values of derivative component of convertible bonds	(156)	–
– Change in fair values of financial instruments	(24)	(70)
– Depreciation and amortisation of real estate and related assets	28	30
– Other non-cash losses	57	119
Total Distributable Amount (<i>Note (i)</i>)	<u>3,333</u>	<u>3,277</u>
Interim distribution for the period, to be paid to the Unitholders (<i>Note (ii)</i>)	<u>3,333</u>	<u>3,277</u>
Distribution per unit for the period (<i>Note (ii)</i>)	<u>HK130.08 cents</u>	<u>HK155.51 cents</u>

Notes:

- (i) Under the terms of the Trust Deed, Link is required to distribute to Unitholders no less than 90% of its distributable income for each financial year. Distributable income, according to the Trust Deed, is the Group's consolidated profit after taxation attributable to Unitholders, as adjusted to eliminate the effect of certain non-cash adjustments attributable to Unitholders which have been recorded in the consolidated income statement for the relevant year. For the six months ended 30 September 2023, the Manager has decided to distribute 100% (2022: 100%) of its distributable income to Unitholders, and the total distributable amount represented 100% (2022: 100%) of the distributable income of the Group.
- (ii) The interim distribution per unit of HK130.08 cents (2022: HK155.51 cents) for the six months ended 30 September 2023 is calculated based on the interim distribution of HK\$3,333 million (2022: HK\$3,277 million) for the period and 2,561,930,575 units (2022: 2,107,497,039 units) in issue as at 30 September 2023, without taking into account any change in the number of units in issue subsequent to the approval of the condensed consolidated interim financial information. The interim distribution will be paid to Unitholders on 29 December 2023.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
	<i>Note</i>		
Assets			
Goodwill	12	337	387
Investment properties	13	229,094	237,469
Interests in joint ventures	14	6,016	6,769
Property, plant and equipment	15	1,408	1,463
Financial assets at amortised cost	16	986	1,188
Deposits and prepayments		134	212
Derivative financial instruments	23	1,300	809
Trade and other receivables	17	1,294	2,283
Bank deposits	18	9,903	3,352
Cash and cash equivalents	18	3,217	13,987
Total assets		253,689	267,919
Liabilities, excluding net assets attributable to Unitholders			
Deferred tax liabilities		3,385	3,330
Long-term incentive scheme provision	19	69	115
Other liabilities	20	4,143	4,164
Interest bearing liabilities	21	54,741	60,750
Convertible bonds	22	4,023	4,163
Security deposits		2,101	2,141
Derivative financial instruments	23	1,064	719
Provision for taxation		661	453
Trade payables, receipts in advance and accruals	24	2,512	3,024
Total liabilities, excluding net assets attributable to Unitholders		72,699	78,859
Non-controlling interests		(179)	120
Net assets attributable to Unitholders		181,169	188,940
Units in issue	25	2,561,930,575	2,553,845,091
Net assets per unit attributable to Unitholders		HK\$70.72	HK\$73.98

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Unitholders' equity (Unaudited) HK\$'M	Net assets attributable to Unitholders (Unaudited) HK\$'M	Non- controlling interests (Unaudited) HK\$'M
At 1 April 2023		–	188,940	120
Issuance of units under distribution reinvestment scheme		–	351	–
Loss for the six months ended 30 September 2023, before transactions with Unitholders		–	(3,374)	(276)
Distributions paid to Unitholders – 2023 final distribution		–	(3,034)	–
Change in fair values of cash flow hedges	26	263	–	–
Amount transferred to the condensed consolidated income statement	26	(213)	–	–
Change in fair values of costs of hedging	26	10	–	–
Foreign currency translations	26	(1,774)	–	(23)
Amount arising from reserve movements	26	1,714	(1,714)	–
Change in net assets attributable to Unitholders and non-controlling interests for the six months ended 30 September 2023, excluding issues of new units		–	(8,122)	(299)
At 30 September 2023		–	181,169	(179)
At 1 April 2022		–	162,688	302
Issuance of units under distribution reinvestment scheme		–	258	–
Units bought back for cancellation		–	(301)	–
Profit for the six months ended 30 September 2022, before transactions with Unitholders		–	13,993	24
Distributions paid to Unitholders – 2022 final distribution		–	(3,083)	–
Change in fair values of cash flow hedges		511	–	–
Amount transferred to the condensed consolidated income statement		7	–	–
Foreign currency translations		(3,504)	–	(37)
Amount arising from reserve movements		2,986	(2,986)	–
Change in net assets attributable to Unitholders and non-controlling interests for the six months ended 30 September 2022, excluding issues of new units and units bought back		–	7,924	(13)
At 30 September 2022		–	170,569	289

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Operating activities			
Net cash generated from operating activities		4,041	3,745
Investing activities			
Acquisition of assets	27	(439)	(3,626)
Acquisition of joint ventures		–	(3,148)
Additions to investment properties		(487)	(1,155)
Additions to property, plant and equipment		(48)	(28)
Interest income received		280	49
Proceeds from disposal and maturity of financial assets at amortised costs		194	483
Deposits paid for acquisitions of assets		–	(103)
Deposit for acquisition of assets received		1,200	–
Placement of bank deposits with original maturity of more than three months		(7,680)	–
Receipt from maturity of bank deposits with original maturity of more than three months		1,208	126
Dividend received from a joint venture		37	9
Net cash used in investing activities		(5,735)	(7,393)
Financing activities			
Proceeds from interest bearing liabilities, net of transaction costs		1,526	17,553
Redemption of convertible bonds		–	(3,213)
Repayment of interest bearing liabilities		(6,427)	(7,846)
Increase in advances from a joint venture		–	281
Increase in advances from a non-controlling interest		2	23
Interest expenses paid		(1,109)	(589)
Payments of lease liabilities		(4)	(2)
Payments of transaction costs for rights issue		(303)	–
Distributions paid to Unitholders		(2,683)	(2,825)
Units bought back for cancellation		–	(301)
Net cash (used in)/generated from financing activities		(8,998)	3,081
Net decrease in cash and cash equivalents		(10,692)	(567)
Cash and cash equivalents at 1 April		13,987	2,779
Effect on exchange rate changes on cash and cash equivalents		(78)	(115)
Cash and cash equivalents at 30 September		3,217	2,097

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Corporate Information

Link is a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Link is governed by a Second Amending and Restating Deed entered into on 30 July 2021.

The principal activity of the Group is investing in real estate and may be undertaking property development and related activities in respect of all types of developments. The addresses of the registered offices of the Manager, Link Asset Management Limited, and the Trustee, HSBC Institutional Trust Services (Asia) Limited, are 20/F., Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong and 1 Queen's Road Central, Hong Kong, respectively.

2 Basis of Preparation

The condensed consolidated interim financial information for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard (**HKAS**) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (**HKICPA**). The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

3 Accounting Policies

The accounting policies adopted are consistent with those set out in the audited consolidated financial statements for the year ended 31 March 2023, except for the adoption of the following new standards and amendments issued by the HKICPA, which became effective for the six months ended 30 September 2023.

HKAS 1 and HKFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies
HKAS 8 Amendments	Definition of Accounting Estimates
HKAS 12 Amendments	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 Amendments	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 Amendments	Amendments to HKFRS 17

The adoption of these new standards and amendments has not had any significant effect on the results reported and the financial position of the Group.

The following new amendments and interpretations which have been published but are not yet effective, have not been early adopted in the condensed consolidated interim financial information. These are effective for the Group's accounting periods beginning on or after 1 April 2024.

HKAS 1 Amendments	Classification of Liabilities as Current or Non-current ⁽¹⁾
HKAS 1 Amendments	Non-current Liabilities with Covenants ⁽¹⁾
HKAS 7 and HKFRS 7 Amendments	Supplier Finance Arrangements ⁽¹⁾
HKAS 21 Amendments	Lack of Exchangeability ⁽²⁾
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
HKFRS 16 Amendments	Lease Liability in a Sale and Leaseback ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽¹⁾

⁽¹⁾ effective for accounting periods beginning on or after 1 January 2024

⁽²⁾ effective for accounting periods beginning on or after 1 January 2025

⁽³⁾ no mandatory effective date is determined yet but early application is permitted

The Group is in the process of making an assessment of the impact of these new and revised Hong Kong Financial Reporting Standards (**HKFRSs**) upon initial application.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

4 Revenue

Revenue recognised during the period comprises:

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Rentals		
– Hong Kong retail and office properties	3,332	3,241
– Hong Kong car parks and related business	1,234	1,177
– Mainland China retail, office and logistics properties	594	644
– Overseas retail and office properties	673	195
Other revenue (<i>Note</i>)	892	785
	<hr/>	<hr/>
Total revenue	6,725	6,042
	<hr/> <hr/>	<hr/> <hr/>

Note: Other revenue includes management fees, air conditioning service fees, promotion levies and miscellaneous revenue.

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$93 million (2022: HK\$52 million) and have been included in the rental income.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 Segment Information

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended					
30 September 2023 (Unaudited)					
Revenue	<u>3,881</u>	<u>1,241</u>	<u>742</u>	<u>861</u>	<u>6,725</u>
Segment results	2,916	996	548	603	5,063
Change in fair values of investment properties and impairment of goodwill and property, plant and equipment	(4,172)	601	(2,157)	(904)	(6,632)
Share of net (losses)/profits of joint ventures	-	-	115	(507)	(392)
Corporate expenses					(383)
Interest income					274
Finance costs					<u>(1,010)</u>
Loss before taxation and transactions with Unitholders					(3,080)
Taxation					<u>(570)</u>
Loss for the period, before transactions with Unitholders					<u>(3,650)</u>
Acquisition of investment properties	-	-	523	-	523
Other capital additions	112	24	103	40	279
Depreciation	<u>(25)</u>	<u>-</u>	<u>(2)</u>	<u>(6)</u>	<u>(33)</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 Segment Information (Continued)

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 30 September 2023 (Unaudited)					
Segment assets	134,832	47,532	28,096	21,462	231,922
Interests in joint ventures	–	–	3,540	2,476	6,016
Unallocated corporate assets					345
Financial assets at amortised cost					986
Derivative financial instruments					1,300
Bank deposits					9,903
Cash and cash equivalents					3,217
Total assets					<u>253,689</u>
Segment liabilities	2,583	188	792	563	4,126
Unallocated corporate liabilities					487
Deferred tax liabilities					3,385
Long-term incentive scheme provision					69
Other liabilities					4,143
Interest bearing liabilities					54,741
Convertible bonds					4,023
Derivative financial instruments					1,064
Provision for taxation					661
Total liabilities, excluding net assets attributable to Unitholders					<u>72,699</u>
Non-controlling interests					<u>(179)</u>
Net assets attributable to Unitholders					<u><u>181,169</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 Segment Information (Continued)

For the six months ended 30 September 2023, revenue of HK\$742 million (2022: HK\$789 million) is attributable to external customers from Mainland China, HK\$5,122 million (2022: HK\$4,972 million) is attributable to external customers from Hong Kong, and HK\$861 million (2022: HK\$281 million) is attributable to external customers from overseas.

As at 30 September 2023, investment properties, interests in joint ventures, property, plant and equipment, and goodwill amounting to HK\$31,397 million (31 March 2023: HK\$34,965 million) are located in Mainland China, HK\$181,764 million (31 March 2023: HK\$185,210 million) are located in Hong Kong, and HK\$23,694 million (31 March 2023: HK\$25,913 million) are located in overseas.

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2022 (Unaudited)					
Revenue	<u>3,792</u>	<u>1,180</u>	<u>789</u>	<u>281</u>	<u>6,042</u>
Segment results	2,890	953	565	179	4,587
Change in fair values of investment properties	5,929	5,227	(20)	(283)	10,853
Share of net profits of joint ventures	–	–	87	73	160
Corporate expenses					(328)
Interest income					37
Finance costs					(604)
Profit before taxation and transactions with Unitholders					14,705
Taxation					(688)
Profit for the period, before transactions with Unitholders					<u>14,017</u>
Acquisition of investment properties	766	–	–	3,054	3,820
Acquisition of a joint venture	–	–	–	3,480	3,480
Other capital additions	327	29	798	1	1,155
Depreciation	<u>–</u>	<u>–</u>	<u>(2)</u>	<u>(3)</u>	<u>(5)</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 Segment Information (Continued)

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, offices and logistics properties <i>HK\$'M</i>	Overseas retail and offices properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 31 March 2023 (Audited)					
Segment assets	138,958	46,898	31,580	22,940	240,376
Interests in joint ventures	–	–	3,652	3,117	6,769
Unallocated corporate assets					1,438
Financial assets at amortised cost					1,188
Derivative financial instruments					809
Bank deposits					3,352
Cash and cash equivalents					13,987
					<hr/>
Total assets					267,919
					<hr/>
Segment liabilities	2,954	225	799	447	4,425
Unallocated corporate liabilities					740
Deferred tax liabilities					3,330
Long-term incentive scheme provision					115
Other liabilities					4,164
Interest bearing liabilities					60,750
Convertible bonds					4,163
Derivative financial instruments					719
Provision for taxation					453
					<hr/>
Total liabilities, excluding net assets attributable to Unitholders					78,859
					<hr/>
Non-controlling interests					120
					<hr/>
Net assets attributable to Unitholders					188,940
					<hr/> <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

6 Property Operating Expenses

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	422	349
Staff costs	319	282
Repair and maintenance	136	106
Utilities	224	205
Government rent and rates	169	141
Promotion and marketing expenses	116	95
Estate common area costs	65	56
Real estate taxes and land use taxes	105	64
(Reversal of provision)/provision for impairment of trade receivables	(17)	36
Other property operating expenses	123	121
	1,662	1,455

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

7 Finance Costs

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities	1,144	602
Interest expenses on convertible bonds (<i>Note 22</i>)	99	7
Other borrowing costs (<i>Note (i)</i>)	(58)	56
	<u>1,185</u>	<u>665</u>
Less: capitalised under investment properties (<i>Note (ii)</i>)	(19)	(2)
	1,166	663
Change in fair values of derivative component of convertible bonds (<i>Note 22</i>)	(156)	–
Fair value gain on non-controlling interest put option obligation (<i>Note 20</i>)	–	(59)
	<u><u>1,010</u></u>	<u><u>604</u></u>

Notes:

- (i) Other borrowing costs mainly include HK\$63 million (2022: HK\$43 million) interest expenses to a non-controlling interest, HK\$5 million (2022: HK\$4 million) interest expenses to a joint venture, HK\$213 million net gains (2022: HK\$7 million net losses) on derivative financial instruments designated as cash flow hedges, HK\$83 million net losses (2022: HK\$23 million net gains) on derivative financial instruments designated as fair value hedges and various banking and financing charges.
- (ii) Interest expenses have been capitalised under investment properties at an average interest rate of 3.6% (2022: 2.5%) per annum.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

8 (Loss)/Profit Before Taxation and Transactions with Unitholders

(Loss)/profit before taxation and transactions with Unitholders for the period is stated after charging/(crediting):

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Staff costs (<i>Note 9</i>)	551	457
Depreciation of property, plant and equipment	49	44
Trustee's fee	10	8
Valuation fee	2	2
Auditor's remuneration		
Audit fees	2	2
Bank charges	6	3
Commission to property agents	6	7
Donations	18	16
Exchange gain on financial instruments	(4)	(2)
Short-term lease expenses	1	4
Other legal and professional fees	15	14
	=====	=====

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

9 Staff Costs

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Wages and salaries	533	462
Contributions to defined contribution plans (<i>Note (i)</i>)	27	21
Long-term incentive scheme awards	28	14
	588	497
Less: capitalised under investment properties (<i>Note (ii)</i>)	(37)	(40)
Staff costs (<i>Note 8</i>)	551	457

Notes:

- (i) Contributions to defined contribution plans (including the Mandatory Provident Fund in Hong Kong, employee pension schemes established by municipal government in The People's Republic of China, and Central Provident Fund in Singapore) are expensed as incurred. A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity. The Group has no further payment obligations under the defined contribution plans once the contributions have been paid.
- (ii) Staff costs which are directly attributable to certain property under development and asset enhancements have been capitalised under investment properties.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

10 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period. Income taxes in Mainland China and Overseas have been provided for at the applicable rate on the estimated assessable profit for the period.

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Current taxation		
– Hong Kong	389	430
– Mainland China	72	71
– Overseas	30	9
Deferred taxation	79	178
Taxation	570	688

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

11 (Loss)/Earnings Per Unit Based Upon (Loss)/Profit for the Period, Before Transactions with Unitholders Attributable to Unitholders

	Six months ended 30 September 2023 (Unaudited)	Six months ended 30 September 2022 (Adjusted) (Unaudited)
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders for calculating basic (loss)/earnings per unit	(HK\$3,374 million)	HK\$13,993 million
Adjustment for dilutive convertible bonds	<u>–</u>	<u>HK\$6 million</u>
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders for calculating diluted (loss)/earnings per unit	<u>(HK\$3,374 million)</u>	<u>HK\$13,999 million</u>
Weighted average number of units for the period for calculating basic (loss)/earnings per unit	2,540,413,467	2,172,092,819
Adjustment for dilutive convertible bonds	<u>–</u>	<u>7,589,200</u>
Weighted average number of units for the period for calculating diluted (loss)/earnings per unit	<u>2,540,413,467</u>	<u>2,179,682,019</u>
Basic (loss)/earnings per unit	<u>(HK\$1.33)</u>	<u>HK\$6.44</u>
Diluted (loss)/earnings per unit	<u>(HK\$1.33)</u>	<u>HK\$6.42</u>

The convertible bonds have an anti-dilutive effect on the basic loss per unit for the six months ended 30 September 2023, the diluted loss per unit is equivalent to the basic loss per unit. The earnings per unit for the six months ended 30 September 2022 have been adjusted to reflect the effect of the Rights Issue of the Group on 29 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

12 Goodwill

	Carrying value (Unaudited) <i>HK\$'M</i>
At 1 April 2023	387
Exchange adjustments	(11)
Impairment	(39)
	<hr/>
At 30 September 2023	337
	<hr/> <hr/>

During the six months ended 30 September 2023, impairment losses of HK\$39 million on goodwill were charged to the condensed consolidated income statement resulting from changes in the market environment for the underlying businesses.

13 Investment Properties

(a) Details of the Movements of Investment Properties are as follows:

	Completed properties (Unaudited) <i>HK\$'M</i>	Property under development (Unaudited) <i>HK\$'M</i>	Total (Unaudited) <i>HK\$'M</i>
At 1 April 2023	236,741	728	237,469
Exchange adjustments (<i>Note (e)</i>)	(2,617)	–	(2,617)
Additions	228	21	249
Acquisition of assets (<i>Note 27</i>)	523	–	523
Change in fair values	(6,554)	24	(6,530)
	<hr/>	<hr/>	<hr/>
At 30 September 2023	228,321	773	229,094
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13 Investment Properties (Continued)

(b) Valuation Process

The investment properties (including qualified minority-owned properties) were revalued on a market value basis as at 31 March and 30 September 2023 by Cushman & Wakefield Limited (the **Principal Valuer**), an independent firm of professional qualified valuers and the Principal Valuer of Link.

The Manager held discussions with the Principal Valuer and reviewed all significant inputs used by the Principal Valuer. Discussions of the valuation processes and results at each reporting date are held between the Manager and the Principal Valuer.

(c) Valuation Techniques

The Principal Valuer has relied on the income capitalisation approach and residual valuation method as the primary approaches with cross-reference to the direct comparison approach and/or discounted cash flow analysis (if applicable).

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. Appropriate adjustments for rent-free periods, ongoing vacancy voids/marketing periods, and non-recoverable expenses for vacant space have been allowed. In respect of properties located in Hong Kong, it is assumed that the land leases will be extended upon their expiry without payment of substantial land premium based on the prevailing government policy publicly announced and common market expectation.

The residual valuation method involves firstly the assessment of gross development value, which is the value of the proposed development, as if completed, at the date of valuation. Estimated outstanding cost of the development including costs of construction, professional fees, finance costs and associated costs, plus an allowance for developer's risk and profit are deducted from the gross development value. The resultant figure is the residual value.

Direct comparison approach is based on comparing the property to be valued directly with identical or similar assets for which price information is available. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

13 Investment Properties (Continued)

(c) Valuation Techniques (Continued)

The discounted cash flow analysis requires periodic net cash flows to be forecasted over the life of the investment and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for expenditure, and having regard to the assumptions made relating to rental growth projections, vacancies, rent frees, replacement reserve, non-recoverable outgoings and leasing costs. The discounted cash flow analysis incorporates an assumed 10-year holding period and the reversionary value in year eleven, discounted by an appropriate discount rate to derive at a net present value.

The investment properties are included in Level 3 (31 March 2023: Level 3) of the fair value hierarchy.

(d) Restriction under the REIT Code

Link acquired 75% interests in two logistics properties in Dongguan and Foshan, two car park/car service centres and godown buildings in Hong Kong, a 49.9% interest in a trust which owns prime office properties in Australia, a logistics property in Jiaxing, 50% interests in three retail properties in Sydney, a parcel of commercial-use land off Anderson Road for development, two retail properties (Jurong Point and Swing By @ Thomson Plaza) in Singapore and two logistics properties in Changshu, the completions of which were on 27 October 2021, 31 December 2021, 1 June 2022, 29 June 2022, 1 July 2022, 31 August 2022, 31 March 2023 and 11 April/12 May 2023 respectively, and the development of the parcel of commercial-use land off Anderson Road was not yet completed as at 30 September 2023. In accordance with the REIT Code, Link is prohibited from disposing of its properties (held through a special purpose vehicle or joint venture entity) for at least two years from either the time such properties are acquired or the dates of the completion of the development of the properties, unless the Unitholders approve the proposed disposal by way of a special resolution passed in accordance with the Trust Deed.

(e) Exchange Adjustments

The exchange loss on translation is attributable to the Group's investment properties in Mainland China, Australia, the United Kingdom and Singapore amounting to HK\$1,913 million, HK\$261 million, HK\$31 million and HK\$412 million, respectively. These amounts are included in exchange reserve and were partly offset by hedging financial instruments.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

13 Investment Properties (Continued)

(f) Security for the Group's Loan Facilities

As at 30 September 2023, certain of the Group's investment properties in Mainland China, Australia and Singapore, amounting to approximately HK\$2,306 million (31 March 2023: HK\$5,414 million), HK\$3,035 million (31 March 2023: HK\$3,484 million) and HK\$13,218 million (31 March 2023: HK\$13,630 million) respectively, were pledged to secure the Group's loan facilities totalling HK\$9,101 million (31 March 2023: HK\$9,892 million).

14 Interests in Joint Ventures

Details of the movements of interests in joint ventures are as follows:

	Carrying value (Unaudited) HK\$'M
At 1 April 2023	6,769
Exchange adjustments	(324)
Share of results and other comprehensive income	(392)
Dividend received	(37)
	<hr/>
At 30 September 2023	6,016
	<hr/> <hr/>

The Group's interests in joint ventures amounting to HK\$6,016 million as at 30 September 2023 are accounted for using the equity method in the condensed consolidated interim financial information.

The financial information related to the Group's share of joint ventures is as follows:

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Share of net property income	173	163
Share of fair value (losses)/gains of investment properties	(469)	37
Share of net (losses)/profits	(392)	160
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

14 Interests in Joint Ventures (Continued)

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Share of investment properties carried at fair value	<u>8,992</u>	<u>9,855</u>

15 Property, Plant and Equipment

	Land, building and leasehold improvements (Unaudited) HK\$'M	Right-of-use assets (Unaudited) HK\$'M	Motor vehicles (Unaudited) HK\$'M	Equipment (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2023	1,351	20	1	91	1,463
Exchange adjustments	(4)	-	-	(1)	(5)
Additions	9	14	2	37	62
Depreciation charge for the period	(29)	(2)	-	(18)	(49)
Impairment	(63)	-	-	-	(63)
At 30 September 2023	<u>1,264</u>	<u>32</u>	<u>3</u>	<u>109</u>	<u>1,408</u>
At 30 September 2023					
Cost	1,625	38	6	258	1,927
Accumulated depreciation and impairment	(361)	(6)	(3)	(149)	(519)
Net book value	<u>1,264</u>	<u>32</u>	<u>3</u>	<u>109</u>	<u>1,408</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

16 Financial Assets at Amortised Cost

Financial assets at amortised cost include the following debt investments:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Listed corporate bonds	956	1,158
Unlisted corporate bonds	30	30
	986	1,188

During the period, the Group has interest income arising from financial assets at amortised cost amounted to HK\$19 million (2022: HK\$28 million). The carrying amounts of the financial assets at amortised cost are expected to be recovered as below:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Within one year	986	547
After one year	–	641
	986	1,188

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

17 Trade and Other Receivables

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Trade receivables	265	276
Less: provision for impairment of trade receivables	(72)	(106)
Trade receivables – net	193	170
Deferred rent receivables	771	843
Other receivables	330	1,270
	<u>1,294</u>	<u>2,283</u>

The carrying amounts of these receivables approximate their fair values and are expected to be mostly recovered within one year.

There are no specific credit terms given to the tenants. The net trade receivables are mostly covered by the rental deposits/bank guarantees from corresponding tenants.

As at 31 March 2023, other receivables included a deposit for the acquisition of assets of HK\$1,200 million which was refunded and received on 3 April 2023.

The ageing of trade receivables, presented based on the due date, is as follows:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
0–30 days	145	120
31–90 days	42	51
Over 90 days	78	105
	<u>265</u>	<u>276</u>

Monthly rentals are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

18 Cash and Cash Equivalents and Bank Deposits

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Cash and cash equivalents		
Cash at bank	2,209	2,485
Bank deposits with original maturity of less than three months	<u>1,008</u>	<u>11,502</u>
	<u>3,217</u>	<u>13,987</u>
Bank deposits		
Bank deposits with original maturity of more than three months	9,673	3,201
Restricted bank deposits	<u>230</u>	<u>151</u>
	<u>9,903</u>	<u>3,352</u>

The restricted bank deposits represent rental income received from certain properties and the usage of which is restricted for settlement of property expenses, interest payment and principal repayment of the corresponding secured bank borrowings.

The carrying amounts of cash and cash equivalents and bank deposits are expected to be recovered within one year.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

19 Long-term Incentive Scheme Provision

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Long-term incentive scheme provision		
– expected to be settled within one year	45	70
– expected to be settled after one year	24	45
	69	115

On 10 July 2017, Link adopted a new long-term incentive scheme (the **2017 LTI Scheme**). Under the 2017 LTI Scheme, the Manager may grant restricted unit awards and conditional cash awards to directors of the Manager and key employees of the Group.

During the period, certain directors and employees of the Manager were granted restricted unit awards and conditional cash awards at nil monetary consideration under the 2017 LTI Scheme. The restricted unit awards granted under the 2017 LTI Scheme, in general, will vest approximately two to three years from the date of grant. Under the 2017 LTI Scheme, units will be purchased in the grantees' favour from open stock market to satisfy restricted units awards vested. For those restricted unit awards granted with performance goals, the eventual number of units to be purchased in each grantee's favour upon vesting are linked to the performance of Link based on the total Unitholders return, net property income or certain vesting conditions. Conditional cash awards were also granted in conjunction with the restricted unit awards, bestowing upon each grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions during the vesting period, catch-up adjustments and ex-gratia payments pursuant to the 2017 LTI Scheme, if applicable.

During the period, the Group purchased 1,423,100 units (2022: 1,051,429 units) from the market for restricted units awards which have vested in accordance with the 2017 LTI Scheme.

During the vesting period, a liability is recognised representing the estimated value of the awards granted under both the 2017 LTI Scheme and the portion of the vesting period expired as at the reporting date. The value of the awards was estimated at the reporting date by Towers Watson Hong Kong Limited, an independent external valuer based on valuation techniques and assumptions on unit prices, outstanding length of the awards, distribution pay-out rates and other market conditions, if appropriate. The change in value of the outstanding awards was charged to the condensed consolidated income statement. In the event that the vesting conditions are not met, the amount previously accrued will be written back accordingly.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

19 Long-term Incentive Scheme Provision (Continued)

Movements in the number of restricted unit awards during the period and the maximum number of units to be vested upon vesting of restricted unit awards are as follows:

Date of grant	Vesting period	Outstanding as at 1 April 2023	Adjustment due to rights issue ^(vii)	Granted during the period	Vested during the period ^(iv)	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2023	Maximum to be vested on vesting date ^(v)
2017 LTI Scheme									
29 July 2020	29 July 2020 to 30 June 2023 ⁽ⁱ⁾	741,020	21,470	-	(762,490)	-	-	-	-
7 July 2021	7 July 2021 to 30 June 2024 ⁽ⁱ⁾	1,117,047	32,295	-	(586,791)	-	(1,892)	560,659	942,452 ^(vi)
2 June 2022	2 June 2022 to 1 June 2024 ⁽ⁱⁱ⁾	79,862	2,317	-	-	(41,089)	-	41,090	41,090
4 July 2022	4 July 2022 to 3 July 2025 ⁽ⁱⁱⁱ⁾	27,663	802	-	-	-	-	28,465	28,465
11 July 2022	11 July 2022 to 30 June 2025 ⁽ⁱ⁾	1,537,973	44,509	-	(18,338)	-	(15,969)	1,548,175	2,573,370 ^(vi)
10 July 2023	10 July 2023 to 30 June 2024	-	-	26,149	-	-	-	26,149	26,149
10 July 2023	10 July 2023 to 30 June 2026 ⁽ⁱ⁾	-	-	2,638,140	(7,851)	-	(16,996)	2,613,293	3,775,795
Subtotal		3,503,565	101,393	2,664,289	(1,375,470)	(41,089)	(34,857)	4,817,831	7,387,321
Additional units vested over 100% of restricted unit award granted		-	-	-	(47,630) ^(viii)	-	-	-	-
Total		3,503,565	101,393	2,664,289	(1,423,100)	(41,089)	(34,857)	4,817,831	7,387,321

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

19 Long-term Incentive Scheme Provision (Continued)

Notes:

- (i) The restricted unit awards are vested in two equal tranches on 30 June of the second year and 30 June of the third year after the grant.
- (ii) The restricted unit awards are vested in two equal tranches on the first and second anniversary of the date of grant.
- (iii) The restricted unit awards are vested in two equal tranches on the second and third anniversary of the date of grant.
- (iv) Restricted unit award vesting percentages during the period ranged from 100% to 109%.
- (v) If certain vesting conditions are met.
- (vi) Additional units beyond these amounts are subject to approval of the Remuneration Committee of the Manager.
- (vii) Following the Rights Issue, the Board approved a +2.9% adjustment in respect of the number of outstanding units, effective 1 June 2023.
- (viii) Additional units over 100% of restricted unit award granted were vested pursuant to the relevant vesting conditions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

20 Other Liabilities

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Amount due to a non-controlling interest	3,885	3,889
Amount due to a joint venture	258	275
	4,143	4,164

Notes:

- (i) On 23 February 2015, the Group, through a non-wholly owned subsidiary (the **Project Company**, in which Link has an indirect 60% interest and Nan Fung Development Limited (**Nan Fung**) has an indirect 40% interest), acquired 77 Hoi Bun Road in Kowloon East for commercial development. For the purpose of funding the commercial development, Nan Fung, a non-controlling interest of the Project Company has contributed cash in proportion to the shareholding ratio to the Project Company. The amount due to a non-controlling interest is unsecured, interest bearing at an effective interest rate of 3.6% (31 March 2023: 3.0%), and has no fixed repayment term. Such amount including any accrued interest will be repaid from the Project Company's surplus cash after meeting its payment obligations.

Pursuant to the shareholders' agreement, Nan Fung has a right to exercise a put option to require Link to purchase all the issued shares Nan Fung holds in the Project Company at the then fair market value, after the second anniversary of the issuance of the Certificate of Compliance for the commercial property development and certain conditions have been satisfied. The non-controlling interest put option obligation was recognised as a financial liability and measured by reference to a number of unobservable inputs, including the estimated fair value of the equity interests of the Project Company at the expected time of exercise of the put option and the expected time of exercise itself. As at 30 September 2023, the fair value of non-controlling interest put option obligation amounted to HK\$Nil (31 March 2023: HK\$Nil). Fair value of the put option obligation is included in Level 3 (31 March 2023: Level 3) of the fair value hierarchy. If the estimated fair value of the equity interests of the Project Company at the time of exercise is higher, the fair value of the put option obligation would also be higher. If the expected time of exercise is later or if the discount rate is higher, then the fair value of the put option obligation would be lower.

- (ii) The amount due to a joint venture is denominated in Renminbi, unsecured, interest bearing at an effective interest rate of 3.8% per annum (31 March 2023: 3.8% per annum) and expected to be settled within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

21 Interest Bearing Liabilities

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Unsecured bank borrowings	23,617	28,567
Secured bank borrowings	9,101	9,892
Medium term notes	22,023	22,291
	<u>54,741</u>	<u>60,750</u>

The carrying amounts of interest bearing liabilities are expected to be settled as below:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Due in the first year		
Unsecured bank borrowings	562	4,014
Secured bank borrowings	31	119
Medium term notes	5,516	–
	<u>6,109</u>	<u>4,133</u>
Due in the second year		
Unsecured bank borrowings	4,267	1,513
Secured bank borrowings	2,197	119
Medium term notes	2,217	6,877
	<u>8,681</u>	<u>8,509</u>
Due in the third year		
Unsecured bank borrowings	4,403	5,886
Secured bank borrowings	32	2,479
Medium term notes	5,795	2,208
	<u>10,230</u>	<u>10,573</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

21 Interest Bearing Liabilities (Continued)

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Due in the fourth year		
Unsecured bank borrowings	13,380	6,507
Secured bank borrowings	183	129
Medium term notes	1,793	5,956
	15,356	12,592
Due in the fifth year		
Unsecured bank borrowings	1,005	10,647
Secured bank borrowings	6,574	284
Medium term notes	499	998
	8,078	11,929
Due beyond the fifth year		
Secured bank borrowings	84	6,762
Medium term notes	6,203	6,252
	6,287	13,014
	54,741	60,750

Notes:

- (i) After taking into account the cross currency swap contracts, except for bank borrowings of HK\$5,230 million (31 March 2023: HK\$5,807 million), HK\$7,414 million (31 March 2023: HK\$7,805 million), HK\$2,906 million (31 March 2023: HK\$3,644 million) and HK\$12,761 million (31 March 2023: HK\$13,115 million) which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars respectively, all the other interest bearing liabilities are denominated in Hong Kong Dollars.
- (ii) After taking into account the cross currency swap contracts and interest rate swap contracts, the effective interest rate of the interest bearing liabilities which are denominated in Hong Kong Dollars as at 30 September 2023 was 4.02% (31 March 2023: 3.51%) and that of the interest bearing liabilities which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars was 3.47% (31 March 2023: 3.54%), 5.21% (31 March 2023: 4.70%), 3.16% (31 March 2023: 3.09%) and 4.34% (31 March 2023: 4.43%) respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

22 Convertible Bonds

On 3 April 2019, the Group issued HK\$4.0 billion convertible bonds at 1.60% per annum due 2024. These bonds are convertible into new Link units at an adjusted conversion price of HK\$103.70 per unit at the option of the bondholder. Link has the option to redeem the bonds if the closing price of the units is 130% or above the adjusted conversion price while bondholders have the right to require Link to redeem all or some only of the bonds on 3 April 2022. On 4 April 2022, the Group has, at the option of the bondholders, redeemed and cancelled part of the bonds at an aggregate principal amount of HK\$3.213 billion representing approximately 80.3% of the initial principal amount of the bonds, together with interest accrued up to the date fixed for redemption but unpaid.

On 12 December 2022, the Group issued HK\$3.3 billion convertible bonds at 4.50% per annum due 2027. These bonds are convertible into new Link units at an adjusted conversion price of HK\$58.77 per unit at the option of the bondholder. Link has the option to redeem the bonds if the closing price of the units is 130% or above the adjusted conversion price while bondholders have the right to require Link to redeem all or some only of the bonds on 12 December 2025.

The convertible bonds are unsecured. As at 30 September 2023, the effective interest rate of the convertible bonds was 4.96% (31 March 2023: 4.96%).

	Carrying value (Unaudited) HK\$'M
Liability component	
At 1 April 2023	3,927
Finance costs (<i>Note 7</i>)	99
Interest expenses paid	(83)
	<hr/>
At 30 September 2023	3,943
	<hr style="border-top: 1px dashed black;"/>
Derivative component	
At 1 April 2023	236
Change in fair value (<i>Note 7</i>)	(156)
	<hr/>
At 30 September 2023	80
	<hr style="border-top: 1px dashed black;"/>
	4,023
	<hr style="border-top: 3px double black;"/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

22 Convertible Bonds (Continued)

The carrying amounts of the convertible bonds are expected to be settled as below:

	30 September 2023 (Unaudited) HK\$'M
Within one year	787
After one year	3,236
	<hr/>
	4,023
	<hr/> <hr/>

23 Derivative Financial Instruments

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Derivative assets		
Designated as cash flow hedge		
– cross currency swap contracts	325	278
– interest rate swap contracts	494	318
Designated as fair value hedge		
– cross currency swap contracts	–	7
Designated as net investment hedge		
– cross currency swap contracts	391	176
– forward foreign exchange contracts	27	4
Not designated as hedging instruments		
– cross currency swap contracts	26	–
– forward foreign exchange contracts	37	26
	<hr/>	<hr/>
	1,300	809
	<hr/>	<hr/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

23 Derivative Financial Instruments (Continued)

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Derivative liabilities		
Designated as cash flow hedge		
– cross currency swap contracts	(208)	–
– interest rate swap contracts	(11)	(46)
Designated as fair value hedge		
– cross currency swap contracts	(617)	(512)
– interest rate swap contracts	(25)	(19)
Designated as net investment hedge		
– cross currency swap contracts	(6)	–
Not designated as hedging instruments		
– cross currency swap contracts	(193)	(142)
– forward foreign exchange contracts	(4)	–
	<u>(1,064)</u>	<u>(719)</u>
Net derivative assets	<u>236</u>	<u>90</u>

Notes:

- (i) The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2 of the fair value hierarchy.
- (ii) The fair values of cross currency swap contracts and interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable yield curves and forward exchange rates at each reporting date. The fair values of forward foreign exchange contracts are determined using forward exchange market rates at each reporting date. Cross currency swap contracts, interest rate swap contracts and forward foreign exchange contracts are included in Level 2 (31 March 2023: Level 2) of the fair value hierarchy. During the six months ended 30 September 2022 and 2023, there were no transfers between the three levels of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

23 Derivative Financial Instruments (Continued)

The carrying amounts of net derivative assets are expected to be settled as below:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Within one year	72	102
After one year	164	(12)
	236	90

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments such as cross currency swap contracts, interest rate swap contracts and forward foreign exchange contracts to manage financial risks.

As at 30 September 2023, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 3.70 years on HK\$21,596 million borrowings (31 March 2023: 3.34 years on HK\$16,956 million borrowings) from the reporting date. The notional principal amount and the weighted average fixed interest rate of the outstanding derivative financial instruments as at 30 September 2023 were HK\$21,596 million (31 March 2023: HK\$16,956 million) and 2.56% (31 March 2023: 1.93%) respectively. Any change in fair values of the effective portion of the cash flow hedges in relation to derivative financial instruments is recognised in the cash flow hedging reserve. A net amount of HK\$50 million (2022: HK\$518 million) had been credited to the cash flow hedging reserve during the period as further set out in Note 26, and will be released to the condensed consolidated income statement at settlement.

As at 30 September 2023, the derivative financial instruments qualifying as fair value hedges have, in effect, converted part of the Group borrowings into Hong Kong Dollars fixed rate and floating rates interest bearing liabilities. The notional principal amounts of the outstanding derivative financial instruments qualifying as fair value hedges as at 30 September 2023 were HK\$6,730 million (31 March 2023: HK\$12,831 million). Any change in fair values of the fair value hedges in relation to derivative financial instruments are recognised directly in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

23 Derivative Financial Instruments (Continued)

As at 30 September 2023, the derivative financial instruments qualifying as net investment hedges have, in effect, converted part of the Group's net investment in foreign operations attributable to changes in the foreign currency spot rates respectively. The notional principal amounts of the outstanding derivative financial instruments qualifying as net investment hedges as at 30 September 2023 was HK\$14,027 million (31 March 2023: HK\$5,581 million). Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. A net amount of HK\$267 million (2022: HK\$244 million) had been credited to the exchange reserve during the period.

As at 30 September 2023, the Group has outstanding derivative financial instruments that are not designated for hedge accounting and the notional principal amounts were HK\$14,427 million (31 March 2023: HK\$5,581 million). Certain forward foreign exchange contracts were entered for the purpose of locking in the exchange rates for part of the Group's future net income denominated in foreign currencies. Any change in fair values of the financial instruments that are not designated for hedge accounting are recognised directly in the condensed consolidated income statement.

24 Trade Payables, Receipts in Advance and Accruals

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Trade payables	95	121
Receipts in advance	477	446
Accrued capital expenditure	561	870
Accrued interest	181	165
Accrued transaction costs for rights issue	–	303
Lease liabilities	33	22
Other accruals	1,165	1,097
	<u>2,512</u>	<u>3,024</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

24 Trade Payables, Receipts in Advance and Accruals (Continued)

The carrying amounts of these payables approximate their fair values and are expected to be settled as below:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Within one year	2,491	3,009
After one year	<u>21</u>	<u>15</u>
	<u>2,512</u>	<u>3,024</u>

The ageing of trade payables, presented based on the due date, is as follows:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
0–30 days	62	82
31–90 days	7	13
Over 90 days	<u>26</u>	<u>26</u>
	<u>95</u>	<u>121</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

25 Units in Issue

**Number of units
(Unaudited)**

At 1 April 2023	2,553,845,091
Units issued under distribution reinvestment scheme	8,085,484
	<hr/>
At 30 September 2023	<u>2,561,930,575</u>

During the six months ended 30 September 2023, the Manager issued and allotted 8,085,484 units in total pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2023.

Closing price of the units as at 30 September 2023 was HK\$38.40 (31 March 2023: HK\$50.50) per unit. Based on 2,561,930,575 units in issue as at 30 September 2023 (31 March 2023: 2,553,845,091 units), market capitalisation was HK\$98,378 million (31 March 2023: HK\$128,969 million).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

26 Unitholders' Equity

	Cash flow hedging reserve (Unaudited) HK\$'M	Costs of hedging reserve (Unaudited) HK\$'M	Exchange reserve (Unaudited) HK\$'M	Earnings retained for reserve adjustments (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2023	550	-	(1,231)	681	-
Cash flow hedges:					
– Change in fair values	263	-	-	-	263
– Amount transferred to the condensed consolidated income statement (Note (i))	(213)	-	-	-	(213)
	50	-	-	-	50
Costs of hedging:					
– Change in fair values	-	10	-	-	10
	-	10	-	-	10
Foreign currency translations:					
– Exchange loss on translation of financial statements	-	-	(2,226)	-	(2,226)
– Change in fair value of net investment hedges	-	-	452	-	452
	-	-	(1,774)	-	(1,774)
Net assets attributable to Unitholders:					
– Amount arising from reserve movements (Note (ii))	-	-	-	1,714	1,714
At 30 September 2023	600	10	(3,005)	2,395	-

Notes:

- (i) Amount transferred to the condensed consolidated income statement in respect of cash flow hedges was included in “Finance costs” (Note 7).
- (ii) The amount represented earnings retained for the period to offset the reserve movements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

27 Acquisition of Assets

On 12 May 2022, Link, through its wholly-owned subsidiaries, entered into equity transfer agreements to acquire the entire registered capitals of 常熟神州通供應鏈管理有限公司 and 常熟榕通供應鏈管理有限公司 at an adjusted cash consideration of RMB455 million (equivalent to approximately HK\$513 million). Link incurred acquisition-related transaction costs of HK\$5 million in total. The transactions were completed on 11 April 2023 and 12 May 2023 respectively. 常熟神州通供應鏈管理有限公司 and 常熟榕通供應鏈管理有限公司 own the logistics properties located at No. 11 Xingda Road, Bixi Street, Changshu and No. 29 Xingang Road, Changshu Economic and Technological Development Zone, Changshu respectively.

The acquisition has been accounted for by the Group as acquisition of assets as the entities acquired by the Group do not constitute a business.

The assets and liabilities arising from the acquisition are as follows:

	Logistics properties (Unaudited) HK\$'M
Investment properties (<i>Note 13</i>)	523
Cash and cash equivalents	9
Other net liabilities	(14)
	<hr/>
Purchase consideration	518
Consideration payables and retention amounts	(70)
Cash and cash equivalents acquired	(9)
	<hr/>
Cash outflow on acquisition	439
	<hr/> <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

28 Capital Commitments

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Contracted but not provided for at the end of the period:		
Capital expenditure of investment properties	927	872
Acquisition of subsidiaries	–	523
	927	1,395
Share of capital commitments of the joint ventures at the end of the period:		
Contracted but not provided for	13	–

29 Connected Party Transactions and Significant Related Party Transactions and Balances

Information required to be disclosed concerning related party transactions is set out in this note unless disclosed elsewhere in these condensed consolidated interim financial information.

(a) Nature of Relationship with Connected/Related Parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/HKAS 24 (Revised) “Related Party Disclosures”, and the nature of their relationship with the Group as at 30 September 2023:

Connected/related party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited (the Trustee)	The Trustee of Link
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the HSBC Group)	Associates [#] of the Trustee
Aedas Limited and Aedas Beijing Limited	Associates [#] of director

[#] “Associate” has the meaning ascribed to it under the REIT Code.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

29 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(b) Significant Transactions with Connected/Related Parties

The following significant transactions recognised under HKFRSs were carried out with connected/related parties:

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Trustee's fee paid and payable to the Trustee <i>(Note (ii))</i>	(10)	(8)
Transactions with the HSBC Group <i>(Notes (iii) and (iv))</i>		
Interest expense and various financing charges to the HSBC Group on interest bearing liabilities and derivative financial instruments	(36)	(33)
Rental income from the HSBC Group on leasing of retail units	18	18
Interest income from the HSBC Group on bank deposits	21	3
Architectural/renovation consultancy services fees paid and payable to Aedas Limited and Aedas Beijing Limited <i>(Notes (iii) and (v))</i>	(1)	(2)
Interest expense to a joint venture <i>(Note (iii))</i>	(5)	(4)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

29 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(b) Significant Transactions with Connected/Related Parties (Continued)

Notes:

- (i) All connected/related party transactions were carried out in accordance with the terms of the relevant agreements governing the transactions and in the ordinary course of business.
- (ii) The Trustee is entitled to receive an annual trustee's fee (calculated and paid monthly) at rates ranging from 0.006% per annum to 0.015% per annum (2022: 0.006% per annum to 0.015% per annum) of the latest property value as determined in the latest annual valuation report of an independent property valuer recommended by the Manager and appointed by the Trustee for and on behalf of Link from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) The transactions were entered into at arm's length on normal commercial terms and in compliance with Link's procurement policy.
- (iv) HSBC Group and the Trustee are members of the same group and HSBC Group is considered as a related party of the Group.
- (v) Aedas Limited and Aedas Beijing Limited are associates of Mr Ian Keith GRIFFITHS.

(c) Significant Balances with Related Parties

Significant balances with related parties are set out below:

	30 September 2023 (Unaudited) HK\$'M	31 March 2023 (Audited) HK\$'M
Trustee's fee payable to the Trustee	(3)	(1)
Interest bearing liabilities with the HSBC Group	(1,344)	(1,600)
Net interest payable to the HSBC Group	(7)	(10)
Security deposits from the HSBC Group	(3)	(3)
Transaction costs for rights issue payable to HSBC Group	–	(171)
Derivative financial instruments with the HSBC Group	129	73
Deposits placed with the HSBC Group	1,799	6,086
Architectural/renovation consultancy services fees payable to Aedas Limited and Aedas Beijing Limited	–	(1)
Amount due to a joint venture	<u>(258)</u>	<u>(275)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

29 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(d) Key Management Compensation

The aggregate amounts of emoluments of the key management staff of the Group are as follows:

	Six months ended 30 September 2023 (Unaudited) HK\$'M	Six months ended 30 September 2022 (Unaudited) HK\$'M
Fees	5	5
Basic salaries, allowances and other benefits	137	120
Long-term incentive scheme awards	20	11
	162	136

30 Qualified Minority-owned Properties

Link held the following qualified minority-owned properties as at 30 September 2023:

Property	Place of operation	Usage	Type of joint arrangement	Dividend received during the period	Interest held
Qibao Vanke Plaza	Shanghai, Mainland China	Retail property for rental income	Joint venture	Nil	50%
Queen Victoria Building	Sydney, Australia	Retail property for rental income	Joint operation (Note)	A\$12 million	50%
The Galleries	Sydney, Australia	Retail property for rental income	Joint operation (Note)	A\$6 million	50%
The Strand Arcade	Sydney, Australia	Retail property for rental income	Joint operation (Note)	A\$4 million	50%

Note: The Group has 50% interests in certain properties as tenant in common in equal shares with an external third party co-owners managed under co-owner agreements for the retail properties leasing in Sydney, Australia.

31 Approval of the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was authorised for issue by the Board on 8 November 2023.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE AND AUDITOR

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 have been reviewed by the Audit and Risk Management Committee. The condensed consolidated interim financial information has also been reviewed by PricewaterhouseCoopers, Link's external auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

AMENDMENTS TO THE COMPLIANCE MANUAL

With effect from 1 April 2023, the Manager's compliance manual (the **Compliance Manual**) was updated to (i) incorporate the updated reserved matters of the Board and the terms of reference of the board committees and (ii) reflect the latest business practices and operations of Link (including the Manager).

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2023, Link and the Manager complied with the Code on Real Estate Investment Trusts, the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**), Link's trust deed (the **Trust Deed**) and, in all material respects, the Compliance Manual. Link and the Manager also applied the principles and to the extent appropriate, complied with, the code provisions in Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the period, save and except code provision B.2.2. The Manager considers that a rigid application of code provision B.2.2 to our executive directors is not in the best interests of the Unitholders. Business continuity and longevity at the most senior levels of management work for the long-term benefit of Link. Frequent re-shuffles of the executive directorate, absent the anchor of a controlling Unitholder, may promote "short-termism". Any risk of entrenchment in office is counter-balanced by an overwhelming majority of independent non-executive directors on our Board, who have the collective power (and the Unitholders also have the same power under the Trust Deed) to remove a recalcitrant executive director of the Manager.

The corporate governance policy and practices adopted for the six months ended 30 September 2023 remained in line with those in place for the financial year ended 31 March 2023, as disclosed in the corporate governance report in Annual Report 2022/2023 of Link. Further details will be set out in the Interim Report 2023/2024 of Link.

PURCHASE, SALE OR REDEMPTION OF LINK'S LISTED SECURITIES

Neither the Manager nor any of Link's subsidiaries purchased, sold or redeemed any of Link's listed securities during the period under review, except that a total of 1,423,100 units of Link were purchased on The Stock Exchange of Hong Kong Limited at a total consideration of approximately HK\$62 million (excluding expenses) by a third-party intermediary in respect of the long-term incentive scheme pursuant to the terms of the scheme rules.

ISSUE OF NEW UNITS

During the period under review, 8,085,484 new units of Link were issued to eligible Unitholders at an issue price of HK\$43.435 per unit pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2023 for the retention of cash for corporate uses. Based on 2,561,930,575 units in issue as at 30 September 2023, the number of new units issued during the period under review represented approximately 0.32% of the issued units of Link.

USE OF PROCEEDS FROM RIGHTS ISSUE

On 29 March 2023, Link completed the rights issue and issued 425,640,848 rights units to qualifying Unitholders at the subscription price of HK\$44.20 per rights unit on the basis of one (1) rights unit for every five (5) existing units in issue held on the record date (the **Rights Issue**), raising approximately HK\$18.8 billion before expenses (or approximately HK\$18.5 billion after expenses) (the **Net Proceeds**). For details of the Rights Issue, please refer to the announcements dated 10 February and 28 March 2023 and the offering circular dated 7 March 2023 (the **Offering Circular**) issued by Link. The Net Proceeds have and will be used in the manner disclosed in the Offering Circular.

The proposed and actual use of the Net Proceeds up to 30 September 2023 are set out below:

	Proposed use of the Net Proceeds as stated in the Offering Circular HK\$ billion	Actual use of the Net Proceeds during the year ended 31 March 2023 HK\$ billion	Actual use of the Net Proceeds during the six months ended 30 September 2023 HK\$ billion	Unutilised Net Proceeds as at 30 September 2023 HK\$ billion
Repayment of existing bank loans falling due in 2023	7 – 8	3.4	4.0	–
Repayment of revolving facilities maturing beyond 1 January 2024	1 – 2	1.8	–	–
Pursue future investment opportunities (to be deposited with banks and/or financial institutions on a short-term basis or otherwise used in a manner consistent with the Manager's treasury management policies and in compliance with the REIT Code while pending deployment)	8.5 – 10.5	–	Approximately HK\$0.4 billion was deployed for the acquisition of two logistics assets in Changshu South and Changshu North, Jiangsu Province	HK\$8.9 billion was deposited into banks pending investment opportunities
Total	18.5	5.2	4.4	8.9

PUBLIC FLOAT

Based on the information publicly available to the Manager, Link continues to meet the required public float of no less than 25% of its issued units in public hands.

INTERIM DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

Interim Distribution

The interim distribution of HK130.08 cents per unit for the six months ended 30 September 2023 will be paid on Friday, 29 December 2023, to those Unitholders whose names appear on the register of Unitholders of Link on Thursday, 23 November 2023. For the purpose of ascertaining Unitholders' entitlement to the interim distribution, the register of Unitholders of Link will be closed from Wednesday, 22 November 2023 to Thursday, 23 November 2023, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to qualify for the interim distribution, all transfer documents accompanied by the relevant unit certificates must be lodged with Link's unit registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 November 2023.

Distribution Reinvestment Scheme

A distribution reinvestment scheme will be available to eligible Unitholders, who may elect to receive the interim distribution for the six months ended 30 September 2023, wholly in cash or wholly in new units or a combination of both. An announcement giving further information about this scheme will be published on or around Thursday, 23 November 2023, and a circular containing details of this scheme together with the relevant election form or revocation notice will be despatched to Unitholders on or around Thursday, 30 November 2023.

DESPATCH OF INTERIM REPORT 2023/2024

The Interim Report 2023/2024 of Link will be available on the websites of Hong Kong Exchanges and Clearing Limited and Link and be despatched to Unitholders on or around Thursday, 30 November 2023.

APPRECIATION

The Board would like to thank the management team and all staff for their professionalism, commitment and contribution. Without their skills and dedicated service, Link would not have secured the support and loyalty of our tenants and communities that we serve. The Board also wishes to extend its appreciation to all our customers and shoppers, tenants, suppliers, Unitholders and regulators alike for their continuous support and confidence in Link.

By order of the Board
Link Asset Management Limited
(as manager of Link Real Estate Investment Trust)
Kenneth Tai Lun WONG
Company Secretary

Hong Kong, 8 November 2023

As at the date of this announcement, the Board of the Manager comprises:

Chair (also an Independent Non-Executive Director)

Nicholas Charles ALLEN

Executive Directors

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

NG Kok Siong (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Christopher John BROOKE

Ed CHAN Yiu Cheong

Jenny GU Jialin

Lincoln LEONG Kwok Kuen

Blair Chilton PICKERELL

Poh Lee TAN

Melissa WU Mao Chin