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## The Link Real Estate Investment Trust

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))  
(stock code: 823)

### FINAL RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2006

#### TOTAL DISTRIBUTABLE INCOME FOR THE PERIOD

The Total Distributable Income for The Link Real Estate Investment Trust ("The Link REIT" or the "Trust") to unitholders for the period ended 31 March 2006 amounted to HK\$467 million.

#### DISTRIBUTION

Pursuant to the Trust Deed, the Total Distributable Income is defined as the amount calculated by the Manager as representing the consolidated audited profit after tax attributable to unitholders of the Trust and its subsidiaries for the financial period, as adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the Consolidated Income Statement.

The Manager's policy is to distribute to unitholders 100% of The Link REIT's Total Distributable Income for the financial period ended 31 March 2006, which amounted to HK\$467 million. The distribution per unit is HK\$0.2181 in respect of the period from 25 November 2005 to 31 March 2006, representing an annualised distribution yield of 6.09% based on the final offer price of HK\$10.30.

The register of unitholders will be closed from 17 August 2006 to 23 August 2006, both days inclusive.

N.B. As indicated in the Offering Circular dated 14 November 2005 (the "Offering Circular"), the forecasted distribution was HK\$0.1983 per unit, representing an annualised distribution yield of 5.53% based on the final offer price of HK\$10.30 per unit, or 5.83% based on the discounted Hong Kong public offer price of HK\$9.78 per unit.

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Operation Review

The Link REIT was established on 6 September 2005 and remained inactive until its listing. Operations of The Link REIT commenced on 25 November 2005, the date of listing of The Link REIT and acquisition of the retail and carpark facilities. The Link REIT was the first and largest Hong Kong REIT with a geographically diverse portfolio of 180 properties, comprising 149 integrated retail and carpark facilities, 2 standalone retail facilities and 29 standalone carpark facilities.

As at 31 March 2006, the portfolio provided an internal floor area of approximately 964,000 square meters of retail space and 79,440 carpark spaces. The occupancy rate of the retail facilities was 91% as at the period end date. The utilisation rate for the carpark facilities, calculated as a percentage of total monthly tickets sold compared with the total number of monthly parking spaces available, was 72%.

##### The Manager

The Link Management Limited (the "Manager") is licensed by the Securities and Futures Commission to conduct the regulated activity of asset management and is responsible for managing The Link REIT's portfolio of 180 properties. As at 31 March 2006, the Manager had 288 staff. Key activities of the Manager include leasing, property management, investment and fund management and associated corporate services.

##### Leasing

During the period under review, the Manager adopted more flexible leasing strategies to attract new tenants. Approximately 100,000 square meters of floor space have been newly let or re-let, representing a monthly income of about HK\$27 million. The new tenancies are generally on three-year terms and many of them have turnover rent clauses. Many of the tenants are brand-name stores that are new to The Link REIT's shopping malls.

An integral part of the leasing strategy is the asset improvement plans. Many quick-fix improvements such as improvements to signage, lighting and washroom facilities are already underway. Major enhancements to selected shopping centres are in various stages of planning and implementation.

##### Property Management

The Manager continued to use external property management agencies to support daily operations such as security, cleansing and day-to-day tenancy management under property management service contracts. To improve the efficiency and quality of these services, the contracts will be re-grouped upon their expiry in June/July 2006. While several existing property management agencies will continue to provide services to The Link REIT under the new contracts, the Manager will work closely with them as a business partner to provide quality services to tenants and shoppers.

##### Property Valuation

As at the period end date, The Link REIT's property portfolio has undergone a revaluation on a market value basis and recorded a revaluation gain of HK\$1,949 million as compared with the valuation as at 30 September 2005. CB Richard Ellis Limited ("CBRE"), an independent firm of professional valuers, have primarily used two methodologies, the discounted cash flow analysis and the income capitalisation approach, supported by the direct comparison method, in arriving at the market valuation for each individual property in the portfolio.

##### Revenue and Net Property Income

Revenue and net property income from the properties portfolio during the period were HK\$1,354 million and HK\$813 million, respectively. They exceeded the forecasts in the Offering Circular by HK\$22 million and HK\$43 million, respectively.

Total revenue was made up of HK\$968 million of retail rental, HK\$305 million of carpark income and HK\$81 million of other income. Retail rental was HK\$16 million higher than the forecast in the Offering Circular.

Net property income represented approximately 60% of total revenue, after the deduction of property management costs and other property operating expenses. The expenditure to income ratio improved from 42% as indicated in the Offering Circular to 40%.

##### Financial Review

##### Financial Structure

The total proceeds from the listing amounting to HK\$21,634 million and a debt financing of HK\$12,169 million formed the total consideration of HK\$33,803 million for the acquisition of the investment properties from the Hong Kong Housing Authority. As at the period end date, The Link REIT had a loan facility of HK\$12,500 million, of which HK\$12,169 million was drawn down on the listing date. The facility is a bridging loan with a one-year term, repayable on or before 27 November 2006. The remaining undrawn portion of HK\$331 million represents a revolving credit facility for the financing of discretionary capital expenditure that The Link REIT may incur in relation to major renovations, improvement works and other value-enhancing strategic initiatives.

##### Loan to Asset Ratio

The total borrowings of The Link REIT represented 30% of the total gross asset value of The Link REIT at the period end date, after a valuation exercise conducted by CBRE for the properties portfolio, the result of which was reflected in the valuation report and audited accounts.

##### Gross Liabilities and Net Assets

As at 31 March 2006, gross liabilities (excluding net assets attributable to unitholders) accounted for HK\$16,976 million, or 42% of gross asset value.

Net assets attributable to unitholders were HK\$23,715 million, or HK\$11.09 per unit.

##### Cash Position

As at the period end date, The Link REIT had cash balances and bank deposits totalling HK\$767 million with maturities well planned to satisfy its financial commitments and working capital requirements. The Manager has adopted a principal preservation approach in cash management to ensure flexibility to meet the operational needs of The Link REIT.

##### Units in Issue

Upon listing on 25 November 2005, a total of 2,137,454,000 units were issued. During the period under review, the units have been actively traded. The closing price as at 31 March 2006 was HK\$16.80, representing a premium of 63% over the final offer price of HK\$10.30. The closing price also reflected a premium of 51% on the net asset value of HK\$11.09 per unit.

##### Looking Ahead

Building on the ground work laid so far, the Manager is confident of progressively transforming the portfolio to optimise its potential. The Manager will continue to undertake more asset enhancement, reconfigure existing and introduce new trade mix to match and evolve with the demands of the customers whose homes are on the doorstep of the retail facilities. Marketing and promotion activities will be increased to attract more customers, including plans to bundle shopping and hourly carparking to provide value to shoppers who live within short driving distances from the facilities.

##### REVIEW OF FINANCIAL RESULTS

The final results of The Link REIT for the financial period ended 31 March 2006 have been reviewed by the Audit Committee of the Manager, and approved by the Board of Directors at its meeting on 29 June 2006.

##### REPURCHASE, SALE OR REDEMPTION OF UNITS

Pursuant to the Trust Deed, the Manager shall not repurchase any units on behalf of The Link REIT unless permitted to do so by the relevant codes and guidelines issued by the Securities and Futures Commission from time to time. During the period, there was no repurchase, sale or redemptions of the units of The Link REIT by the Manager.

##### CORPORATE GOVERNANCE

With the objectives of maintaining high standards of corporate governance, the Manager is committed to certain policies and procedures to promote the operation of The Link REIT in a well-managed and transparent manner.

During the period, both the Manager and The Link REIT complied with the provisions of the Code on Real Estate Investment Trusts published by the Securities and Futures Commission of Hong Kong (the "REIT Code"), the relevant provisions of the Securities and Futures Ordinance, the relevant sections of the Listing Rules applicable to The Link REIT, the Trust Deed and the requirements and procedures laid down in the compliance manual of the Manager adopted for use in relation to the management of The Link REIT.

##### FINANCIAL STATEMENTS

The directors of the Manager are pleased to announce the audited consolidated results of The Link REIT and its subsidiaries (the "Group") for the period from 6 September 2005 to 31 March 2006 as follows:

##### CONSOLIDATED INCOME STATEMENT

For the financial period from 6 September 2005 (date of establishment) to 31 March 2006 (operations since 25 November 2005, the listing date)

	Note	HK\$'M
Revenues		1,354
Property operating expenses		(541)
Net property income		813
Interest income		5
General and administrative expenses		(42)
Change in fair values of investment properties		1,949
Operating profit	3	2,725
Finance costs on bank borrowings		(201)
Profit before taxation and transactions with unitholders		2,524
Taxation	4	(443)
Profit for the period, before transactions with unitholders		2,081
Distributions to unitholders, paid (ii) (iii)		—
Change in net assets attributable to unitholders		2,081

##### Notes:

- (i) Operations commenced on 25 November 2005, date of listing of The Link REIT and acquisition of the retail and carpark facilities.
- (ii) In accordance with the Trust Deed, The Link REIT is required to distribute to unitholders not less than 90% Distributable Income for each financial period. The Trust also has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash dividends and also upon 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 of the Trust. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32: Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the income statement.
- (iii) Distributable Income is determined in Note 6. The Distributions declared in respect of this financial period are set out in the Statement of Distributions, and will be paid out to unitholders on 30 August 2006.
- (iv) Earnings per unit, based upon profit after tax before transactions with unitholders and the average number of units in issue, is set out in Note 5 below.

**CONSOLIDATED BALANCE SHEET**

As at 31 March 2006

	Note	HK\$'M
<b>Non-current assets</b>		
Goodwill		3,988
Investment properties		35,772
Property, plant and equipment		32
		<u>39,792</u>
<b>Current assets</b>		
Accounts and other receivables	7	122
Deposits and prepayments		10
Short term bank deposits		453
Cash and cash equivalents		314
		<u>899</u>
<b>Total assets</b>		<u>40,691</u>
<b>Current liabilities</b>		
Receipt in advance, accruals and other payables		332
Security deposits		288
Bank borrowings		12,169
		<u>12,789</u>
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>		
Deferred tax liabilities		4,187
<b>Net assets attributable to unitholders</b>		<u>23,715</u>
Units in issue		<u>2,137,454,000</u>
<b>Net asset value per unit</b>		<u>HK\$11.09</u>

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

Attributable to unitholders for the financial period from 6 September 2005 (date of establishment) to 31 March 2006

	Net assets value attributable to unitholders HK\$'M
Proceeds from issuance of units to unitholders upon initial public offering	21,634
Profit for the period, before transactions with unitholders	2,081
Balance carried forward	<u>23,715</u>

**STATEMENT OF DISTRIBUTIONS**

For the financial period from 6 September 2005 (date of establishment) to 31 March 2006

	HK\$'M
Total Distributable Income	467
Distributable Amount for the period, to be paid to unitholders	467
As a percentage of Total Distributable Income	100%
Units in issue	<u>2,137,454,000</u>
Distribution per unit	<u>21.81 HK cents</u>

**Notes:**

- (i) Pursuant to the Trust Deed, The Link REIT is required to ensure that the total amount distributed to unitholders as distributions for each financial year/period shall be no less than 90% of "Total Distributable Income", plus at its discretion, any other additional amount that the Manager determines is distributable. The Manager intends to distribute 100% of Total Distributable Income as the Distributable Amount in the financial period ended 31 March 2006. The distributions will be paid out to unitholders on 30 August 2006.
- (ii) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after tax attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the income statement for the relevant year/period. The adjustments to arrive at Total Distributable Income for this financial period are set out in Note 6 below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. Basis of preparation**

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the requirements of the Trust Deed and the relevant disclosure requirements as set out in Appendix C of the REIT Code.

**2. Segment Information**

	Retail properties HK\$'M	Carparks HK\$'M	Head office HK\$'M	Total HK\$'M
Revenues	1,049	305	—	1,354
Segment results	660	153	(42)	771
Change in fair values of investment properties	1,821	128	—	1,949
Interest income				5
Finance costs to financial institutions				(201)
Profit before taxation and transactions with unitholders				2,524
Taxation				(443)
Profit for the period, before transactions with unitholders				<u>2,081</u>
Capital expenditure	20	1	9	30
Depreciation	—	—	3	3
Segment assets	29,114	6,726	96	35,936
Goodwill				3,988
Short term bank deposits				453
Cash and cash equivalents				314
				<u>40,691</u>
Segment liabilities	509	19	92	620
Bank borrowings				12,169
Deferred tax liabilities				4,187
				<u>16,976</u>
Net assets attributable to unitholders				<u>23,715</u>

**3. Net profit before finance costs, taxation and transactions with unitholders**

	HK\$'M
Net profit before finance costs, taxation and transactions with unitholders is stated after charging:	
Staff costs	46
Depreciation of property, plant and equipment	3
Write-off of leasehold improvement	2
Strategic Partner fee	1
Trustee's remuneration	1
Valuation fee	5
Auditors' remuneration	3
Other legal and professional fees	4

**4. Taxation**

Current taxation has not been provided as the Group has no estimated assessable profit for the period. The amount of taxation charged to the consolidated income statement represents:

	HK\$'M
Current taxation	—
Deferred taxation	443
	<u>443</u>

**5. Earnings per unit based upon profit after taxation before transactions with unitholders**

The earnings per unit, based upon profit before transactions with unitholders for the period from 6 September 2005 (date of establishment) to 31 March 2006, is HK\$0.97. For the period from 6 September 2005 to the listing date, The Link REIT had not commenced its operations and no unit was in issue until 25 November 2005.

Diluted earnings per unit is not presented as there is no dilutive instrument throughout the period from 6 September 2005 to 31 March 2006.

Profit for the period, before transactions with unitholders	HK\$2,081 million
Number of units outstanding at the end of the period	<u>2,137,454,000</u>
Earnings per unit based on profit after taxation, before transactions with unitholders	<u>HK\$0.97</u>

**6. Distributions**

	HK\$'M
Profit after taxation for the period from 6 September 2005 (date of establishment) to 31 March 2006, attributable to unitholders	2,081
Adjustments:	
Change in fair values of investment properties	(1,949)
Deferred taxation on change in fair values	341
Other non-cash income	(6)
Total Distributable Income for the period from 6 September 2005 (date of establishment) to 31 March 2006	467
Distributable Amount for the period, to be paid to unitholders	467
As a percentage of Total Distributable Income	100%
<b>Distribution per unit</b>	<u>21.81 HK cents</u>

**7. Accounts and other receivables**

Included in accounts and other receivables are rental receivables with their ageing analysis as follows:

	HK\$'M
0 — 30 days	64
31 — 90 days	2
	<u>66</u>

Receivables are denominated in Hong Kong dollars and the carrying amounts of these rental receivables approximate their fair values.

A majority of the Group's rental income is received in cash and there are no specific credit terms given to the tenants. The accounts receivable are generally fully covered by the rental deposits from corresponding tenants.

**PROGRESS REPORT OF THE TITLE TRANSFER OF THE PROPERTIES**

As a condition of a modification of Rules 4.2(k), 5.2(c) and 7.7 of the REIT Code (regarding the legal title requirements) granted to The Link REIT, the progress of the conveyance of the legal and beneficial title to the 180 properties acquired by The Link REIT from the Hong Kong Housing Authority is required to be reported in the annual report and the results announcement of The Link REIT for the financial period ended 31 March 2006.

**I. 76 List 1 Properties completed upon the listing of The Link REIT on 25 November 2005**

Upon the listing of The Link REIT on 25 November 2005, the legal and beneficial title to 76 List 1 Properties was transferred to The Link REIT.

**II. 24 List 1 Properties completed after 25 November 2005**

Between 25 November 2005 and 21 June 2006, the legal title to the remaining 24 List 1 Properties (the beneficial title to which was transferred to The Link REIT on 25 November 2005) was transferred to The Link REIT on the respective dates as set out in the table below.

No. of properties	Completion Date
3	31 December 2005
2	11 February 2006
3	16 February 2006
1	28 February 2006
2	26 April 2006
7	2 May 2006
3	18 May 2006
3	21 June 2006

**III. 80 List 2 Properties**

As disclosed in the "Material Contracts and Other Documents and Information — Agreements relating to the Acquisition of the Properties — Property Agreement" section of the Offering Circular, pursuant to the Property Agreement dated 19 November 2004 (as supplemented by a supplemental agreement dated 6 September 2005 and an addendum dated 3 November 2005) entered into between the Hong Kong Housing Authority and The Link Properties Limited, the beneficial title to all 80 List 2 Properties was transferred to The Link REIT upon the listing of The Link REIT on 25 November 2005.

Amongst the 80 List 2 Properties, the legal title to one List 2 Property was completed on 23 March 2006. As disclosed in the Offering Circular, the legal title to the remaining List 2 Properties will be transferred to The Link REIT in quarterly batches and it is expected that the process of the conveyance of the legal title to the remaining List 2 Properties will be completed by the middle of 2008.

**ISSUANCE OF ANNUAL REPORT**

The annual report 2005/06 will be published and forwarded to unitholders on or before 31 July 2006.

**ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of The Link REIT will be held on 23 August 2006. Notice of the annual general meeting will be published and issued to unitholders in due course.

By order of the board of directors of  
**The Link Management Limited**  
 (as manager of The Link Real Estate Investment Trust)  
**Mr CHENG Ming Fun Paul**  
 Chairman

Hong Kong, 29 June 2006

As at the date of this announcement, the board of directors of the Manager is as follows: The Chairman of the Manager (who is also an Independent Non-executive Director) is Mr CHENG Ming Fun Paul. The Executive Director is Mr SO Hing Woh Victor. The Non-executive Directors are Mr LIEW Mun Leong and Mr PUA Seck Guan. The Independent Non-executive Directors are Mr ARNOLD Michael Ian, Mr CHAO Tse Hou Leslie, Mr CHOW Wing Kin Anthony, Dr FUNG Yuk Bun Patrick, Mr KO Kam Chuen Stanley, Dr LEE Nai Shee Harry, Mr SUN Patrick and Dr ZEMAN Allan.