



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The board of directors (the “Board”) of The Link Management Limited (the “Manager”), as Manager of The Link Real Estate Investment Trust (“The Link REIT”) is pleased to report the unaudited interim results of The Link REIT and its subsidiaries (the “Group”) for the six months ended 30 September 2008.

FINANCIAL HIGHLIGHTS

		Six months ended 30 September 2008 (Unaudited)	Six months ended 30 September 2007 (Unaudited)	Changes %
Revenue	HK\$M	2,203	2,056	7.1%
Net Property Income	HK\$M	1,349	1,243	8.5%
Distributable Income	HK\$M	884	776	13.9%
Distribution per unit				
Interim for the period	HK cents	40.86	36.11	13.2%
Distribution yield (annualised)				
on listing price of HK\$10.30 per unit	%	7.9	7.0	12.9%
on market price as at period end	%	5.1	4.2	21.4%
Expenditure/Income ratio for the period	%	38.8	39.5	(1.8%)
Expenditure/Income ratio excluding				
estate common area costs for the period	%	36.7	37.6	(2.4%)
Occupancy rate at period end	%	87.6	90.5	(3.2%)
Composite reversion rate for the period	%	25.71	13.69	87.8%
Composite reversion rate for the period				
excluding Education/Welfare	%	25.84	13.92	85.6%

		Six months ended 30 September 2008 (Unaudited)	Six months ended 30 September 2007 (Unaudited)	Changes %
Average base unit rent excluding Self-use Offices at period end (per square foot)	<i>HK\$</i>	26.8	24.4	9.8%
Average base unit rent excluding Self-use Offices, Education/Welfare, HD Offices and Ancillary at period end (per square foot)	<i>HK\$</i>	29.3	26.6	10.2%
Retention rate for the period	%	76.3	73.2	4.2%
Number of turnover rent tenants at period end		1,493	752	98.5%
Carpark income per bay per month	<i>HK\$</i>	1,015	955	6.3%
Carpark utilisation rate at period end	%	70.3	71.6	(1.8%)
		As at 30 September 2008 (Unaudited)	As at 31 March 2008 (Audited)	Changes %
Valuation of investment properties at period/year end	<i>HK\$M</i>	44,133	44,307	(0.4%)
Net asset value at period/year end	<i>HK\$M</i>	30,645	30,558	0.3%
Net asset value per unit at period/year end	<i>HK\$</i>	14.16	14.16	0.0%
Market price per unit at period/year end	<i>HK\$</i>	16.02	17.26	(7.2%)
Market capitalisation at period/year end	<i>HK\$M</i>	34,665	37,259	(7.0%)
Premium of unit price to net asset value per unit at period/year end	%	13.1	21.9	(40.2%)
Borrowings to total assets ratio at period/year end	%	23.2	24.2	(4.1%)

TOTAL DISTRIBUTABLE INCOME

Total Distributable Income was HK\$884 million for the six months ended 30 September 2008 as compared to HK\$776 million for the same period last year. It is the Manager's current policy to distribute to unitholders 100% of The Link REIT's Total Distributable Income. The distribution per unit for the six months ended 30 September 2008 is HK40.86 cents (30 September 2007: HK36.11 cents) which represents an annualised distribution yield of 5.1% based on the last traded price of HK\$16.02 as of 30 September 2008.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 September 2008

	<i>Note</i>	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Revenues	4	2,203	2,056
Property operating expenses	6	<u>(854)</u>	<u>(813)</u>
Net property income		1,349	1,243
General and administrative expenses		(56)	(47)
Change in fair values of investment properties		<u>(464)</u>	<u>2,655</u>
Operating profit	7	829	3,851
Interest income		24	39
Finance costs on interest bearing liabilities	8	<u>(253)</u>	<u>(310)</u>
Profit before taxation and transactions with unitholders		600	3,580
Taxation	10	<u>244</u>	<u>(602)</u>
Profit for the period, before transactions with unitholders	11	844	2,978
Distributions paid to unitholders (<i>Note (iii)</i>)		<u>(826)</u>	<u>(739)</u>
		<u>18</u>	<u>2,239</u>
 Represented by:			
Change in net assets attributable to unitholders, excluding issues of new units		(8)	2,283
Amount arising from cash flow hedging reserve movement	21	<u>26</u>	<u>(44)</u>
		<u>18</u>	<u>2,239</u>

Notes:

- (i) Total Distributable Income for the six months ended 30 September 2008 is determined in the Statement of Distributions. The interim distribution declared in respect of this financial period as set out in the Statement of Distributions will be paid out to unitholders on or about 23 January 2009.
- (ii) Earnings per unit, based upon profit for the period and before transactions with unitholders and the weighted average number of units in issue, is set out in Note 11 to the condensed consolidated interim financial information.
- (iii) This represents the final distribution of HK\$826 million for the year ended 31 March 2008 (2007: HK\$739 million) paid during the period.

Statement of Distributions

For the six months ended 30 September 2008

		Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Profit for the period, before transactions with unitholders		844	2,978
Adjustments:			
Change in fair values of investment properties		464	(2,655)
Deferred taxation on change in fair values of investment properties	<i>10</i>	(77)	465
Deferred taxation on change in tax rate	<i>10</i>	(341)	—
Other non-cash income		(6)	(12)
Total Distributable Income (<i>Note (i)</i>)		<u>884</u>	<u>776</u>
Interim distribution for the period, to be paid to the unitholders (<i>Note (ii)</i>)		<u>884</u>	<u>776</u>
As a percentage of Total Distributable Income		<u>100%</u>	<u>100%</u>
Units in issue as at 30 September	<i>20</i>	<u>2,163,861,896</u>	<u>2,148,434,317</u>
Distribution per unit to unitholders for the period (<i>Note (iii)</i>)		<u>HK40.86 cents</u>	<u>HK36.11 cents</u>

Notes:

- (i) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after tax attributable to unitholders (equivalent to profit for the period, before transactions with unitholders) adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated income statement for the relevant period.
- (ii) Pursuant to the Trust Deed, The Link Real Estate Investment Trust is required to ensure that the total amount distributed to unitholders as distributions for each financial 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 distribution for the six months ended 30 September 2008. The interim distribution will be paid to unitholders on or about 23 January 2009.
- (iii) The interim distribution per unit of HK40.86 cents for the six months ended 30 September 2008 is calculated based on the interim distribution of HK\$884 million for the period and 2,163,861,896 units in issue as at 30 September 2008. The interim distribution per unit of HK36.11 cents for the six months ended 30 September 2007 is calculated based on the interim distribution of HK\$776 million for the period and 2,148,434,317 units in issue as at 30 September 2007.

Condensed Consolidated Balance Sheet

As at 30 September 2008

	Note	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Non-current assets			
Goodwill		3,988	3,988
Investment properties	12	44,133	44,307
Property, plant and equipment	13	<u>51</u>	<u>46</u>
		<u>48,172</u>	<u>48,341</u>
Current assets			
Trade and other receivables	14	110	112
Deposits and prepayments		24	25
Short-term bank deposits	15	1,259	1,753
Cash and cash equivalents	15	<u>99</u>	<u>117</u>
		<u>1,492</u>	<u>2,007</u>
Total assets		<u>49,664</u>	<u>50,348</u>
Current liabilities			
Trade payables, receipts in advance and accruals	16	915	858
Security deposits		436	376
Provision for taxation		118	48
Interest bearing liabilities	17	<u>2,696</u>	<u>2,199</u>
		<u>4,165</u>	<u>3,481</u>
Net current liabilities		<u>(2,673)</u>	<u>(1,474)</u>
Total assets less current liabilities		<u>45,499</u>	<u>46,867</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Interest bearing liabilities	17	8,839	9,986
Deferred tax liabilities		5,624	5,976
Long-term incentive plan payable	18	38	20
Other non-current liabilities	19	<u>353</u>	<u>327</u>
		<u>14,854</u>	<u>16,309</u>
Total liabilities, excluding net assets attributable to unitholders		<u>19,019</u>	<u>19,790</u>
Net assets attributable to unitholders		<u>30,645</u>	<u>30,558</u>
Units in issue	20	<u>2,163,861,896</u>	<u>2,158,677,767</u>
Net assets per unit attributable to unitholders		<u>HK\$14.16</u>	<u>HK\$14.16</u>

**Condensed Consolidated Statement of
Changes in Equity and Net Assets Attributable to Unitholders**
For the six months ended 30 September 2008

	<i>Note</i>	Total reserves HK\$'M	Net assets attributable to unitholders HK\$'M	Total HK\$'M
Net assets attributable to unitholders at 1 April 2007		—	26,789	26,789
Issuance of units under distribution reinvestment scheme		—	187	187
Profit for the period ended 30 September 2007, before transactions with unitholders		—	2,978	2,978
Distributions paid to unitholders 2007 final distribution		—	(739)	(739)
Change in fair values of cash flow hedges		44	—	44
Amount arising from cash flow hedging reserve movement		(44)	44	—
Change in net assets attributable to unitholders for the period ended 30 September 2007, excluding issues of new units		<u>—</u>	<u>2,283</u>	<u>2,283</u>
Net assets attributable to unitholders at 30 September 2007		<u>—</u>	<u>29,259</u>	<u>29,259</u>
Net assets attributable to unitholders at 1 April 2008		—	30,558	30,558
Issuance of units under distribution reinvestment scheme		—	95	95
Profit for the period ended 30 September 2008, before transactions with unitholders		—	844	844
Distributions paid to unitholders 2008 final distribution		—	(826)	(826)
Change in fair values of cash flow hedges	<i>21</i>	(84)	—	(84)
Amount transferred to the condensed consolidated income statement	<i>21</i>	58	—	58
Amount arising from cash flow hedging reserve movement	<i>21</i>	26	(26)	—
Change in net assets attributable to unitholders for the period ended 30 September 2008, excluding issues of new units		<u>—</u>	<u>(8)</u>	<u>(8)</u>
Net assets attributable to unitholders at 30 September 2008		<u>—</u>	<u>30,645</u>	<u>30,645</u>

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2008

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Operating activities		
Net cash generated from operating activities	1,401	1,160
Investing activities		
Additions to investment properties	(290)	(140)
Additions to property, plant and equipment	(13)	(6)
Interest income received	30	35
Decrease/(increase) in short-term bank deposits with original maturity of more than three months	494	(197)
Net cash generated from/(used in) investing activities	221	(308)
Financing activities		
Proceeds from interest bearing liabilities, net of transaction costs	1,946	—
Repayment of interest bearing liabilities	(2,600)	—
Interest expenses paid on interest bearing liabilities	(255)	(304)
Distributions paid to unitholders	(731)	(552)
Net cash used in financing activities	(1,640)	(856)
Net decrease in cash and cash equivalents	(18)	(4)
Cash and cash equivalents at the beginning of the period	117	53
Cash and cash equivalents at the end of the period	99	49

Notes to the Condensed Consolidated Interim Financial Information

1. Corporate Information

The Link Real Estate Investment Trust (the “Trust” or “The Link REIT”) is an authorised unit trust under section 104 of the Securities and Futures Ordinance. The Link REIT is governed by a trust deed (“Trust Deed”) entered into on 6 September 2005 (as amended and supplemented by the First Supplemental Deed dated 4 November 2005, the Second Supplemental Deed dated 8 November 2005, the Third Supplemental Deed dated 16 January 2006, the Fourth Supplemental Deed dated 21 November 2006, the Fifth Supplemental Deed dated 13 July 2007 and the Sixth Supplemental Deed dated 23 July 2007).

The principal activity of The Link REIT and its subsidiaries (the “Group”) is investment in retail and carpark operations (“RC Operations”). The address of the registered office of the Manager and the Trustee, HSBC Institutional Trust Services (Asia) Limited, is Room 1201–1202, 12th Floor, 9 Queen’s Road Central, 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 2008 has been prepared in accordance with Hong Kong Accounting Standard 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 2008.

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 2008.

For the six months ended 30 September 2008, certain new amendments and interpretations issued by HKICPA are effective for accounting periods beginning on or after 1 April 2008.

HKAS 39 and HKFRS 7 Amendments Reclassification of Financial Assets;

HK(IFRIC)-Int 12 Service Concession Arrangements; and

HK(IFRIC)-Int 14 HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of the above has had no significant effect on the accounting policies or results and financial position of the Group.

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group's accounting period beginning on 1 April 2008.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 Amendment	Share-based Payment — Vesting Conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ effective for accounting periods beginning on or after 1 January 2009

² effective for accounting periods beginning on or after 1 July 2009

³ effective for accounting periods beginning on or after 1 July 2008

⁴ effective for accounting periods beginning on or after 1 October 2008

The Group is in the process of making an assessment of the impact of these new and revised Hong Kong Financial Reporting Standards (“HKFRS”s) upon initial application. So far, the Manager has concluded that while the adoption of the new or revised HKFRSs may result in new or amended disclosures, these are unlikely to have a significant impact on the Group's results of operations and financial position.

4. Revenues

Revenues recognised during the period comprise:

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Rental income from retail properties	1,586	1,477
Gross rental receipts from car parks	<u>484</u>	<u>456</u>
	----- 2,070	----- 1,933
Other revenues		
Air conditioning service fees	130	121
Other property related income	<u>3</u>	<u>2</u>
	----- 133	----- 123
Total revenues	<u><u>2,203</u></u>	<u><u>2,056</u></u>

Lease arrangements with tenants provide for base monthly rental charges and recovery of certain outgoings. Additional rents based on business turnover amounting to HK\$32 million (2007: HK\$23 million) have been included in the rental income.

5. Segment information

	Retail properties <i>HK\$'M</i>	Carparks <i>HK\$'M</i>	Head office <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended				
30 September 2008 (Unaudited)				
Revenues	<u>1,719</u>	<u>484</u>	<u>—</u>	<u>2,203</u>
Segment results	1,074	275	(56)	1,293
Change in fair values of investment properties	(307)	(157)	—	(464)
Interest income				24
Finance costs on interest bearing liabilities				<u>(253)</u>
Profit before taxation and transactions with unitholders				600
Taxation				<u>244</u>
Profit for the period, before transactions with unitholders				<u>844</u>
Capital expenditure	267	23	13	303
Depreciation	<u>—</u>	<u>—</u>	<u>(7)</u>	<u>(7)</u>
As at 30 September 2008 (Unaudited)				
Segment assets	36,152	8,094	72	44,318
Goodwill				3,988
Short-term bank deposits				1,259
Cash and cash equivalents				<u>99</u>
Total assets				<u>49,664</u>
Segment liabilities	1,084	137	130	1,351
Interest bearing liabilities				11,535
Provision for taxation				118
Deferred tax liabilities				5,624
Long-term incentive plan payable				38
Other non-current liabilities				<u>353</u>
Total liabilities, excluding net assets attributable to unitholders				<u>19,019</u>
Net assets attributable to unitholders				<u>30,645</u>

	Retail properties <i>HK\$'M</i>	Carparks <i>HK\$'M</i>	Head office <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended				
30 September 2007 (Unaudited)				
Revenues	<u>1,600</u>	<u>456</u>	<u>—</u>	<u>2,056</u>
Segment results	987	256	(47)	1,196
Change in fair values of investment properties	2,351	304	—	2,655
Interest income				39
Finance costs on interest bearing liabilities				<u>(310)</u>
Profit before taxation and transactions with unitholders				3,580
Taxation				<u>(602)</u>
Profit for the period, before transactions with unitholders				<u>2,978</u>
Capital expenditure	133	7	6	146
Depreciation	<u>—</u>	<u>—</u>	<u>(6)</u>	<u>(6)</u>
As at 31 March 2008 (Audited)				
Segment assets	36,180	8,234	76	44,490
Goodwill				3,988
Short-term bank deposits				1,753
Cash and cash equivalents				<u>117</u>
Total assets				<u>50,348</u>
Segment liabilities	975	137	122	1,234
Interest bearing liabilities				12,185
Provision for taxation				48
Deferred tax liabilities				5,976
Long-term incentive plan payable				20
Other non-current liabilities				<u>327</u>
Total liabilities, excluding net assets attributable to unitholders				<u>19,790</u>
Net assets attributable to unitholders				<u>30,558</u>

6. Property operating expenses

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	275	278
Staff costs (<i>Note 9</i>)	82	61
Government rent and rates	55	50
Repairs and maintenance	112	106
Utilities	204	211
Promotion and marketing expenses	37	27
Estate common area costs	46	41
Other property operating expenses	43	39
	<u>854</u>	<u>813</u>

7. Operating profit before finance costs, taxation and transactions with unitholders

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Operating profit before finance costs, taxation and transactions with unitholders is stated after charging:		
Staff costs (<i>Note 9</i>)	119	84
Depreciation of property, plant and equipment	7	6
Loss on disposal of property, plant and equipment	1	2
Strategic partner fee	2	1
Trustee's fee	2	2
Valuation fee	1	1
Auditor's remuneration	1	1
Bank charges	1	—
Operating lease charges	3	2
Other legal and professional fees	3	3
	<u>3</u>	<u>3</u>

8. Finance costs on interest bearing liabilities

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities wholly repayable within five years (Note 17)	<u>253</u>	<u>310</u>

9. Staff costs

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Wages and salaries	102	78
Contributions to mandatory provident fund scheme	2	2
Long-term incentive plan awards (Note 18)	<u>15</u>	<u>4</u>
	<u>119</u>	<u>84</u>

Staff costs can be further analysed as below:

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Included under property operating expenses (Note 6)	82	61
Included under general and administrative expenses	<u>37</u>	<u>23</u>
	<u>119</u>	<u>84</u>

10. Taxation

In 2008, the Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/09. Accordingly, Hong Kong profits tax has been provided for at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period. The change in the profits tax rate also has an impact on the Group's deferred taxation and an amount of HK\$341 million in respect of previously provided deferred taxation has been written back as a credit to the condensed consolidated income statement.

The amount of taxation (credited)/charged to the condensed consolidated income statement represents:

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Current taxation — Hong Kong profits tax	108	77
Deferred taxation		
— Change in fair values of investment properties	(77)	465
— Effect of change in tax rate	(341)	—
— Other temporary differences	66	60
	<u>66</u>	<u>60</u>
Taxation (credit)/charge	<u>(244)</u>	<u>602</u>

11. Earnings per unit based upon profit for the period, before transactions with unitholders

	Six months ended 30 September 2008 (Unaudited)	Six months ended 30 September 2007 (Unaudited)
Profit for the period, before transactions with unitholders	<u>HK\$844 million</u>	<u>HK\$2,978 million</u>
Weighted average number of units for the period	<u>2,159,895,896</u>	<u>2,139,854,069</u>
Earnings per unit based on profit for the period, before transactions with unitholders, basic and diluted	<u>HK\$0.39</u>	<u>HK\$1.39</u>

12. Investment properties

(a) Details of the movements in investment properties are as follows:

	Retail properties HK\$'M	Carparks HK\$'M	Total HK\$M
At 1 April 2008	36,105	8,202	44,307
Additions	267	23	290
Change in fair values	(307)	(157)	(464)
	<u>36,065</u>	<u>8,068</u>	<u>44,133</u>
At 30 September 2008	<u>36,065</u>	<u>8,068</u>	<u>44,133</u>

(b) Government leases

The properties included as investment properties on the condensed consolidated balance sheet comprise properties where the Group has legal title under government leases for a fixed number of years (with renewal rights in one case), and other properties where the granting of the government leases and legal title is in progress. As at 30 September 2008, legal title for 126 (31 March 2008: 120) properties out of 180 properties has been granted to the Group. The remaining lease periods of the government lease profile of these properties with government leases granted range from 35 to 50 years.

By virtue of the Property Agreement with the Hong Kong Housing Authority in respect of the acquisition of the RC Operations, the Group as the beneficial owner, is legally entitled to operate all these properties as if it was the legal owner.

(c) Fair values

The investment properties were revalued on an open market value basis as at 31 March and 30 September 2008 by Knight Frank Petty Limited, an independent firm of professional qualified valuers. In arriving at the market values, Knight Frank Petty Limited has assumed, inter alia, that legal titles to the properties are in place as of the property valuation date, notwithstanding that legal titles to certain of the properties have not been granted as of the balance sheet date (see Note (b) above).

(d) Security for the Group's loan facilities

As at 30 September 2008, certain of the Group's investment properties, amounting to approximately HK\$4.7 billion (31 March 2008: HK\$4.8 billion), were mortgaged to secure the Group's loan facilities.

13. Property, plant and equipment

	Leasehold improvements HK\$'M	Motor vehicles HK\$'M	Equipment HK\$'M	Total HK\$'M
At 1 April 2008	19	3	24	46
Additions	6	—	7	13
Disposals	(1)	—	—	(1)
Depreciation charge for the period	(2)	—	(5)	(7)
At 30 September 2008	<u>22</u>	<u>3</u>	<u>26</u>	<u>51</u>
At 30 September 2008				
Cost	28	4	49	81
Accumulated depreciation	(6)	(1)	(23)	(30)
Net book value	<u>22</u>	<u>3</u>	<u>26</u>	<u>51</u>

14. Trade and other receivables

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Trade receivables	61	63
Less: provision for impairment of receivables	<u>(6)</u>	<u>(5)</u>
Trade receivables — net	55	58
Other receivables	<u>55</u>	<u>54</u>
	<u>110</u>	<u>112</u>

There are no specific credit terms given to the tenants. The trade receivables are generally fully covered by the rental deposits from corresponding tenants.

The ageing analysis of trade receivables is as follows:

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
0–30 days	50	53
31–90 days	3	3
Over 90 days	<u>8</u>	<u>7</u>
	<u>61</u>	<u>63</u>

Monthly base rental in respect of retail properties are payable in advance by tenants in accordance with the leasing agreements while daily gross receipts from carparks are received from the carpark operators in arrears.

15. Cash and cash equivalents and short-term bank deposits

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Cash in hand	1	—
Cash at bank	16	10
Short-term bank deposits with original maturity of less than three months	<u>82</u>	<u>107</u>
Cash and cash equivalents	99	117
Short-term bank deposits with original maturity of more than three months	<u>1,259</u>	<u>1,753</u>
	<u>1,358</u>	<u>1,870</u>

Short-term bank deposits at the balance sheet date mature approximately 71 days (31 March 2008: 94 days) from the balance sheet date. The effective interest rate at the balance sheet date was 2.54% (31 March 2008: 2.92%) per annum.

16. Trade payables, receipts in advance and accruals

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Trade payables	106	62
Receipts in advance	70	61
Accruals	<u>739</u>	<u>735</u>
	<u>915</u>	<u>858</u>

The ageing analysis of trade payables is as follows:

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
0–30 days	75	53
31–90 days	30	8
Over 90 days	<u>1</u>	<u>1</u>
	<u>106</u>	<u>62</u>

17. Interest bearing liabilities

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Guaranteed notes	1,398	3,596
Syndicated loan	4,590	4,589
Other loan (secured)	4,000	4,000
Bank loans	<u>1,547</u>	<u>—</u>
	11,535	12,185
Less: Current portion of interest bearing liabilities	<u>(2,696)</u>	<u>(2,199)</u>
Non-current portion of interest bearing liabilities	<u>8,839</u>	<u>9,986</u>
Interest bearing liabilities are repayable as follows:		
	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Due in the first year		
Guaranteed notes	1,398	2,199
Bank loans	<u>1,298</u>	<u>—</u>
	<u>2,696</u>	<u>2,199</u>
Due in the second year		
Guaranteed notes	<u>—</u>	<u>1,397</u>
Due in the third year		
Other loan (secured)	4,000	4,000
Bank loan	<u>249</u>	<u>—</u>
	<u>4,249</u>	<u>4,000</u>
Due in the fourth year		
Syndicated loan	<u>4,590</u>	<u>4,589</u>
	<u>11,535</u>	<u>12,185</u>

On 4 August 2008, the Group repaid its HK\$2.2 billion guaranteed notes by raising unsecured bilateral loan facilities and utilising internal resources and existing undrawn loan facilities. The effective interest rate of the interest bearing liabilities (including interest rate swap) at the balance sheet date was 4.52% (31 March 2008: 4.10%). The carrying amounts of the interest bearing liabilities approximate their fair values.

18. Long-term incentive plan payable

The Group adopted a Long-term Incentive Plan (the “LTI” or “Plan”), which was approved by an ordinary resolution on 23 July 2007 at the annual general meeting of the unitholders. The Plan shall be valid and effective for 10 years commencing on the adoption date.

Under the Plan, the Manager may grant three types of awards, the Restricted Unit Awards (“RUA”), Unit Options and Conditional Cash Awards (“CCA”) (collectively the “Awards”) to eligible employees of the Group. Awards are approved by the Human Resources and Compensation Committee.

During the period, certain employees were granted the RUA and CCA at nil consideration. The RUA granted under the Plan, in general, are fully vested in two to four years from the date of grant. The eventual units to be issued under the RUA, which are linked to the performance of The Link REIT based on the total unitholders return (“TUR”) and/or certain vesting conditions, will range from 20% to 300% of the awards granted. CCA is granted in conjunction with the grant of RUA, bestowing upon the grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions per unit to unitholders during the vesting period, multiplied by the number of units that will eventually be vested.

During the vesting period, a liability is recognised, representing the estimated fair value of the awards granted and the portion of the vesting period expired as at the balance sheet date. As at 1 April 2008, a total of HK\$20 million LTI liability has been accrued. In the current period, an additional liability of HK\$18 million has been accrued, of which HK\$15 million (2007: HK\$4 million) was charged to the condensed consolidated income statement and the remaining was capitalised under investment properties. In the event that the vesting conditions are not met, the amount previously accrued will be written back accordingly.

Upon the vesting of RUA, units are to be issued to the employees on a sliding scale, depending on the scale of achievement against the TUR, providing that the minimum criteria for the performance measure determined by the Human Resources and Compensation Committee has been met.

Movements in the number of units of awards granted during the period and maximum number to be issued are as follows:

Date of Grant	Vesting Period	Number of units outstanding as at 1 April 2008	Number of units granted during the period	Number of units lapsed during the period	Number of units outstanding as at 30 September 2008	Maximum number of units to be issued on vesting date*
24 July 2007	24 July 2007 to 23 July 2010	1,863,000	—	(175,000)	1,688,000	5,059,500
24 December 2007	24 December 2007 to 23 July 2010	764,000	—	—	764,000	2,292,000
	24 December 2007 to 23 July 2011	545,000	—	—	545,000	1,635,000
	24 December 2007 to 23 July 2012	545,000	—	—	545,000	1,635,000
10 January 2008	10 January 2008 to 23 July 2010	68,500	—	—	68,500	205,500
	10 January 2008 to 23 July 2011	68,500	—	—	68,500	205,500
	10 January 2008 to 23 July 2012	68,500	—	—	68,500	205,500
5 May 2008	5 May 2008 to 4 May 2010	—	355,000	—	355,000	828,000
	5 May 2008 to 4 May 2011	—	355,000	—	355,000	828,000
	5 May 2008 to 4 May 2012	—	355,000	—	355,000	828,000
Total		3,922,500	1,065,000	(175,000)	4,812,500	13,722,000

* if certain vesting conditions are met

19. Other non-current liabilities

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Interest rate and currency swaps — cash flow hedges (<i>Note</i>)	<u>353</u>	<u>327</u>

Note:

The Group uses interest rate swaps (swapping from floating rates to fixed rates) and currency swaps (swapping from United States dollar to Hong Kong dollar) to minimise its exposure to movements in interest rates and foreign currency exchange rate in relation to its floating rates interest bearing liabilities. The full fair value of these cash flow hedges are classified as non-current items as the remaining maturities of the hedged items extend for more than 12 months. Any change in fair value of the effective portion of the cash flow hedges is recognised in the hedging reserve. Net amount of HK\$26 million has been debited to the hedging reserve during the period (2007: HK\$44 million credited to the hedging reserve) as further set out in Note 21.

Derivative financial instruments qualifying as cash flow hedges as at 30 September 2008 have a weighted average maturity of 4.3 years (31 March 2008: 3.6 years) from the balance sheet date. The notional principal amount and the weighted average fixed interest rate of the outstanding interest rate swap contracts as at 30 September 2008 were HK\$7.75 billion (31 March 2008: HK\$4 billion) and 4.61% (31 March 2008: 5.05%) respectively. The notional principal amount of the outstanding foreign currency swap contract as at 30 September 2008 was HK\$0.25 billion (31 March 2008: Nil).

Gains and losses on interest rate and currency swap contracts recognised in the hedging reserve (Note 21) as at 30 September 2008 will be continuously released to the consolidated income statement in conjunction with the repayment of the interest bearing liabilities (Note 17).

20. Units in issue

	Number of units
At 1 April 2008	2,158,677,767
Units issued under distribution reinvestment scheme	<u>5,184,129</u>
At 30 September 2008	<u><u>2,163,861,896</u></u>

Traded market value of the units as of 30 September 2008 was HK\$16.02 (31 March 2008: HK\$17.26) per unit. Based on 2,163,861,896 units in issue as at 30 September 2008 (31 March 2008: 2,158,677,767 units), market capitalisation was HK\$34,665 million (31 March 2008: HK\$37,259 million).

21. Reserves

	Hedging reserve <i>HK\$'M</i>	Earnings retained for cash flow hedge adjustments <i>HK\$'M</i>	Total reserves <i>HK\$'M</i>
At 1 April 2008	(327)	327	—
Cash flow hedges:			
— Change in fair values	(84)	—	(84)
— Amount transferred to the condensed consolidated income statement (<i>Note</i>)	<u>58</u>	<u>—</u>	<u>58</u>
	----- (26)	----- —	----- (26)
Amount arising from cash flow hedging reserve movement	----- —	----- 26	----- 26
At 30 September 2008	<u><u>(353)</u></u>	<u><u>353</u></u>	<u><u>—</u></u>

Note: Amount transferred to the condensed consolidated income statement in respect of cash flow hedges was included in “Finance costs on interest bearing liabilities” (Note 8).

22. Capital commitments

	30 September 2008 (Unaudited) <i>HK\$'M</i>	31 March 2008 (Audited) <i>HK\$'M</i>
Improvement projects to existing investment properties		
Authorised but not contracted for	663	695
Contracted but not provided for	<u>448</u>	<u>302</u>
	<u><u>1,111</u></u>	<u><u>997</u></u>

23. 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 “Related Party Disclosures”, and nature of their relationship with The Link REIT as at 30 September 2008:

Connected/related party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited (the “Trustee”)*	The Trustee of The Link REIT
The Hongkong and Shanghai Banking Corporation Limited and its associates (the “HSBC Group”)*	Related parties of the Trustee
Knight Frank Petty Limited (the “Principal Valuer”)	The Principal Valuer of The Link REIT
Knight Frank Hong Kong Limited	A related party of the Principal Valuer
The Children’s Investment Master Fund	A significant unitholder of The Link REIT
Hong Kong Youth Arts Foundation	An associate of a director
The Wing Hang Bank Limited*	Common director
Industrial and Commercial Bank of China (Asia) Limited (“ICBC”)*	Common director
Aedas Limited*	Common director

* These connected parties are also considered as related parties of the Group.

(b) *Transactions with connected/related parties*

The following transactions were carried out with connected/related parties:

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Trustee's fee paid and payable to the Trustee (<i>Note (ii)</i>)	(2)	(2)
Transactions with the Principal Valuer (<i>Note (iii)</i>)		
Valuation fee	(1)	(1)
Leasing consultancy fee	(1)	—
Leasing agency fee paid and payable to Knight Frank Hong Kong Limited	(1)	—
Transactions with the HSBC Group (<i>Note (iv)</i>)		
Interest expense to the HSBC Group on interest bearing liabilities and interest rate swaps	(19)	(14)
Staff expense to the HSBC Group on medical/group life insurance	(1)	(1)
Rental income from the HSBC Group on leasing of retail units	8	6
Interest income from the HSBC Group on short-term bank deposits	1	4
Transactions with ICBC (<i>Note (iv)</i>)		
Interest expense to ICBC on interest bearing liabilities	(2)	(4)
Rental income from ICBC on leasing of retail units	2	2
Architectural/renovation consultancy services fees paid and payable to Aedas Limited (<i>Note (v)</i>)	(2)	(1)

Notes:

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreement 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 a rate of 0.008% 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 The Link REIT from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) Knight Frank Petty Limited replaced CB Richard Ellis Limited as the Principal Valuer with effect from 21 January 2008 (2007: valuation fee of HK\$0.6 million was paid to CB Richard Ellis Limited). The transactions were entered into at mutually agreed rates.
- (iv) The transactions with the HSBC Group and ICBC were in accordance with market rates.
- (v) The transactions with Aedas Limited were entered into at mutually agreed rates.

(c) *Balances with related parties*

Balances with related parties are set out below:

	30 September 2008 (Unaudited) HK\$'M	31 March 2008 (Audited) HK\$'M
Interest bearing liabilities with the HSBC Group	(798)	(598)
Interest rate swaps with the HSBC Group	(90)	—
Security deposits from the HSBC Group	(1)	(1)
Short-term bank deposits and savings placed with the HSBC Group	116	34
Net interest payable to the HSBC Group	(4)	—
Interest bearing liabilities with ICBC	<u>(184)</u>	<u>(184)</u>

(d) *Key management compensation*

The aggregate amounts of emoluments of the key management staff of the Group, before capitalised under investment properties, are as follows:

	Six months ended 30 September 2008 (Unaudited) HK\$'M	Six months ended 30 September 2007 (Unaudited) HK\$'M
Fees	3	3
Basic salaries, allowances and other benefits	30	7
Long-term incentive plan awards (<i>Note 18</i>)	<u>16</u>	<u>1</u>
	<u>49</u>	<u>11</u>

Emoluments of both directors and senior management personnel are included for the period ended 30 September 2008, while only directors' emoluments were accounted for in the period ended 30 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

The Link REIT was the first and is the largest Hong Kong REIT with a geographically diverse portfolio of 180 properties, comprising 149 integrated retail and carpark facilities, two standalone retail facilities and 29 standalone carpark facilities. As at 30 September 2008, the portfolio provided an internal floor area (“IFA”) of approximately 10,977,000 square feet of retail space and around 80,000 carpark spaces.

The Manager

The Manager is licensed by the Securities and Futures Commission (“SFC”) to conduct the regulated activity of asset management and is responsible for managing The Link REIT’s portfolio of 180 properties. As at 30 September 2008, the Manager had 447 (31 March 2008: 423) staff. Key activities of the Manager include leasing, property management, enhancement and maintenance works, investment, fund management and associated corporate services.

Leasing

During the six months ended 30 September 2008, continued strong progress has been made on the leasing of the properties. Revenue growth for the period under review has been encouraging with strong renewals and new leases. Although affected by asset enhancement work, the occupancy rate of the retail facilities still stood at 87.6% as at 30 September 2008 (30 September 2007: 90.5%). Higher rents were also commanded in centres where asset enhancement works have been completed. These have resulted in an increase in the average unit rent of the portfolio from HK\$24.4 per square foot (“psf”) as at 30 September 2007 to HK\$26.8 psf at the period end. Excluding welfare/education letting, Housing Department offices and ancillary, the average unit rent of the total portfolio as at 30 September 2008 was HK\$29.3 psf (30 September 2007: HK\$26.6 psf).

Category	Total IFA			Leased IFA			Vacant IFA		
	30 September 2008 (sq ft)	31 March 2008 (sq ft)	30 September 2007 (sq ft)	30 September 2008 (sq ft)	31 March 2008 (sq ft)	30 September 2007 (sq ft)	30 September 2008 (sq ft)	31 March 2008 (sq ft)	30 September 2007 (sq ft)
Retail	8,620,637	8,661,156	8,584,279	7,702,106	7,901,282	7,939,978	918,531	759,874	644,301
Market	876,075	872,648	879,699	682,820	683,600	693,342	193,255	189,048	186,357
Cooked Food Stalls	150,782	152,677	153,258	101,472	97,651	94,605	49,310	55,026	58,653
Education/Welfare	930,410	928,373	923,756	863,518	861,077	856,588	66,892	67,296	67,168
HD Offices and Ancillary	275,005	279,035	285,590	158,248	185,248	210,813	116,757	93,787	74,777
Total excluding Self-use Offices	10,852,909	10,893,889	10,826,582	9,508,164	9,728,858	9,795,326	1,344,745	1,165,031	1,031,256
Self-use Offices	124,546	112,710	98,577						
Total including Self-use Offices	10,977,455	11,006,599	10,925,159						
Excluding Self-use Offices, Education/ Welfare only	9,922,499	9,965,516	9,902,826	8,644,646	8,867,781	8,938,738	1,277,853	1,097,735	964,088
Excluding Self-use Offices, Education/ Welfare, HD Offices and Ancillary	9,647,494	9,686,481	9,617,236	8,486,398	8,682,533	8,727,925	1,161,096	1,003,948	889,311

Category	Occupancy rate			Vacancy rate			Average base rent per leased IFA		
	30 September	31 March	30 September	30 September	31 March	30 September	30 September	31 March	30 September
	2008	2008	2007	2008	2008	2007	2008	2008	2007
	(%)	(%)	(%)	(%)	(%)	(%)	(HK\$ psf)	(HK\$ psf)	(HK\$ psf)
Retail	89.3%	91.2%	92.5%	10.7%	8.8%	7.5%	26.6	25.1	24.0
Market	77.9%	78.3%	78.8%	22.1%	21.7%	21.2%	58.8	57.6	56.1
Cooked Food Stalls	67.3%	64.0%	61.7%	32.7%	36.0%	38.3%	33.1	32.1	31.5
Education/Welfare	92.8%	92.8%	92.7%	7.2%	7.2%	7.3%	4.4	4.4	4.4
HD Offices and Ancillary	57.5%	66.4%	73.8%	42.5%	33.6%	26.2%	16.9	15.8	11.5
Total excluding Self-use Offices	87.6%	89.3%	90.5%	12.4%	10.7%	9.5%	26.8	25.4	24.4
Excluding Self-use Offices, Education/Welfare only	87.1%	89.0%	90.3%	12.9%	11.0%	9.7%	29.1	27.5	26.3
Excluding Self-use Offices, Education/Welfare, HD Offices and Ancillary	88.0%	89.6%	90.8%	12.0%	10.4%	9.2%	29.3	27.7	26.6

The portfolio's average reversion rate was 25.71% (30 September 2007: 13.69%) whilst that for the retail shopping space was 30.22% (30 September 2007: 15.44%). Reversion rates at individual shopping centres may show large variances as rental levels were affected by the local operating business environment and the quality of the individual centres. In instances where planned and phased re-alignment of trade mix and asset enhancement projects are being carried out, tenancies have been renewed on terms of less than three years which is the usual term for commercial leases. These short term extensions also affected the reversion rate as they were granted at minimal adjustments.

Revenue	Six months ended	Six months ended
	30 September 2008	30 September 2007
	HK\$'M	HK\$'M
Retail	1,231	1,147
Market	239	231
Cooked Food Stalls	19	18
Education/Welfare	23	23
HD Offices and Ancillary	42	37
Mall Merchandising	32	21
Carparks	484	456
Other revenues	133	123
Total	2,203	2,056

	Six months ended 30 September 2008 %	Year ended 31 March 2008 %	Six months ended 30 September 2007 %
Composite Reversion Rate			
Retail	30.22	24.78	15.44
Market	10.03	12.67	7.60
Cooked Food Stalls	6.26	8.88	17.67
Education/Welfare	4.01	3.03	0.58
HD Offices and Ancillary	n/a	38.58	11.67
Overall	25.71	22.48	13.69
Overall excluding Education/Welfare	25.84	22.64	13.92

The Manager will strive to continue with its flexible leasing strategy to attract and retain tenants but also in keeping with asset enhancement plans, aligning tenancies for phased refurbishment/renovation work. Trade mix upgrading and planning is carried out on a continual basis and is done in line with planned expiry of tenancies as well as asset enhancement projects.

Carpark income per bay per month for the period ended 30 September 2008 was approximately HK\$1,015 (30 September 2007: HK\$955). The utilisation rate for the carpark facilities, calculated as a percentage of total monthly tickets sold compared with the total number of monthly carpark spaces available as at 30 September 2008 was 70.3% (30 September 2007: 71.6%).

Asset Management

The Manager has continued with its efforts in reducing operating costs. Expenditure to income ratio for the period was 38.8%, an improvement since the last interim results of 39.5%. Excluding estate common area costs, the expenditure to income ratio for our portfolio for the period was 36.7% (30 September 2007: 37.6%). The Manager will endeavour to control costs but it is inevitable, as more List 2 property titles are transferred, government rent will increase. It is presently envisaged that all the property titles will be transferred by early 2010.

Marketing and Promotion

The dynamic marketing and promotional endeavours of the Manager have continued to enliven the business ambience of our shopping centres. Not only have our tenants benefited from the increased footfall brought about by these promotional events and multi-dimensional activities, further improvements in customer satisfaction with our shopping centres help strengthen the corporate image of The Link.

The Link recognises its tenants as our partners in growing our businesses together. During the period under review, The Link has formally established “The Link Tenant Academy” to provide tenants with value-add services through various themed seminars and workshops. “The Link Tenant Academy” will regularly invite industry experts or veteran trainers to conduct seminars or workshops, aiming to keep tenants abreast of such topics as latest market information, management concepts, industry trends, retail techniques, quality of catering and energy saving.

Asset Enhancements

Asset enhancement continues to be one of the Manager’s fundamental drivers to improve the quality of the portfolio in tandem with re-aligning existing tenancies and introducing new trade and tenant mix to improve rental income.

During the six months ended 30 September 2008, continued strong progress was made on projects currently underway. Projects are continuing to be constructed with no material delay or cost overruns. We are also very pleased with the leasing take up of the projects to date. We currently have nineteen projects underway including enhanced scope of works in Butterfly Shopping Centre with capital expenditure increasing from HK\$35 million to HK\$90.2 million. The Manager has also reconsidered the renovation of the Wan Tsui Shopping Centre and has decided to defer this project pending further detailed study. Subsequent to the period end, Phase 1 of Cheung Fat Shopping Centre was completed in November 2008.


Good progress is being achieved at other shopping centres undergoing asset enhancement. Short term extensions to existing tenancies or temporary tenancies, where practicable, are let to reduce rental void periods prior to renovations. Vacancies due to asset enhancement work as at 30 September 2008 was 4.6% as a percentage of total leasable floor area of the whole portfolio. This is forecasted to drop as we have six projects scheduled for full completion in the second half of this financial year.

Feasibility studies are still in progress by the Manager to identify additional asset enhancement opportunities in the future.

Timetable and Capital Expenditure for Asset Enhancement Projects (AEI)

	Phase	Capex HK\$M	Before	2008/09												2009/10												2010/11																							
			April 2008 HK\$M	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar												
Completed		111.5	111.5																																																
Hau Tak	1&2	22.0	22.0																																																
	3&4	46.0	40.0	HK\$6.0M																																															
Lok Fu	1	10.0	10.0																																																
	2-4	345.5	74.0	HK\$106.4M												HK\$83.0M												HK\$82.1M																							
Tai Wo		46.0	19.0	HK\$27.0M																																															
Stanley*	1	75.0	35.0	HK\$10.0M												HK\$30.0M																																			
Chung Fu*		68.0	2.5													HK\$3.8M												HK\$44.0M												HK\$17.7M											
Wong Tai Sin	1	31.0	31.0																																																
	2	92.0	-	HK\$92.0M																																															
Butterfly		90.2	9.5	HK\$25.5M												HK\$55.2M																																			
Cheung Fat	1	74.5	24.9	HK\$49.6M																																															
	2	58.0	-													HK\$26.8M												HK\$31.2M																							
Wo Che		66.3	10.2	HK\$32.4M												HK\$23.7M																																			
Lek Yuen		29.0	10.5	HK\$18.5M																																															
Leung King*		58.0	8.5	HK\$20.0M												HK\$29.5M																																			
Siu Sai Wan*		49.0	1.5	HK\$27.0M												HK\$20.5M																																			
Oi Man*		75.0	1.6													HK\$9.0M												HK\$35.6M												HK\$28.8M											
Kwai Fong		27.5	0.7	HK\$24.8M												HK\$2.0M																																			
Fu Tung	1	28.0	8.6	HK\$19.4M																																															
Tin Yiu		32.0	4.1	HK\$27.9M																																															
Choi Yuen	1	65.0	1.0	HK\$55.2M												HK\$8.8M																																			
Tak Tin*		31.0	0.0													HK\$18.0M												HK\$13.0M																							
Hing Wah		28.0	0.4													HK\$27.6M																																			
		1,558.5	426.5	HK\$581.3M												HK\$409.1M												HK\$141.6M																							

 Under Construction

 Preliminary – Government Approvals

* Scope of the asset enhancement works is being revised to further explore the investment opportunity due to market changes

FINANCIAL REVIEW

Revenue and Net Property Income

Revenue and net property income from the properties portfolio for the six months ended 30 September 2008 were HK\$2,203 million (30 September 2007: HK\$2,056 million) and HK\$1,349 million (30 September 2007: HK\$1,243 million), respectively. Total retail revenue for the six months period amounted to HK\$1,586 million (30 September 2007: HK\$1,477 million) with HK\$484 million (30 September 2007: HK\$456 million) of carpark income and HK\$133 million (30 September 2007:

HK\$123 million) of other income. Net property income represented approximately 61% of total revenue after the deduction of property management costs and other property operating expenses resulting in an expenditure to income ratio of approximately 39%.

	Six months ended 30 September 2008		Six months ended 30 September 2007	
	<i>HK\$'M</i>	<i>% of Revenue</i>	<i>HK\$'M</i>	<i>% of Revenue</i>
Property management costs	357	16	339	17
Other property operating expenses	497	23	474	23
Total property expense	854	39	813	40
Net property income	1,349	61	1,243	60

Property Valuation

As at 30 September 2008, Knight Frank Petty Limited (“KFP”) performed an interim valuation of The Link REIT’s property portfolio and a slight revaluation loss of HK\$464 million was recorded when compared with the valuation as at 31 March 2008.

The movements of fair values are tabulated below:

	Weighted average capitalisation rate	Retail properties <i>HK\$'M</i>	Carpark <i>HK\$'M</i>	Total <i>HK\$'M</i>
	At 1 April 2008	6.95%	36,105	8,202
Additions		267	23	290
Change in fair values		<u>(307)</u>	<u>(157)</u>	<u>(464)</u>
At 30 September 2008	7.15%	<u>36,065</u>	<u>8,068</u>	<u>44,133</u>
% change		(0.1%)	(1.6%)	(0.4%)

Financial Position

On 4 August 2008, The Link REIT successfully arranged unsecured bilateral loan facilities amounting to HK\$1,450 million from leading local and international financial institutions to refinance the repayment of part of its Guaranteed Notes due August 2008 amounting to HK\$2.2 billion. The tenures of the loans are between one to three years and the all-in costs range from HIBOR plus 0.68% to

HIBOR plus 0.76% per annum. The remaining amount of the Guaranteed Notes which have not been refinanced by the bilateral loan facilities have been repaid using internally generated funds. As at 30 September 2008, the maturity profile of the Group's borrowings is as follows:

	30 September 2008		31 March 2008	
	<i>HK\$'M</i>	<i>% of total</i>	<i>HK\$'M</i>	<i>% of total</i>
Due in the first year	2,696	23	2,199	18
Due in the second year	—	—	1,397	11
Due in the third year	4,249	37	4,000	33
Due in the fourth year	4,590	40	4,589	38
Total	<u>11,535</u>	<u>100</u>	<u>12,185</u>	<u>100</u>

The average outstanding life of the Group's loan facilities as at 30 September 2008 was 27 months.

Certain of the Group's investment properties, amounting to approximately HK\$4.7 billion (31 March 2008: HK\$4.8 billion) were mortgaged to secure the Group's loan facilities as at 30 September 2008.

During the period under review, the Group has also entered into HK\$2.5 billion and HK\$1.25 billion of five year and seven year interest rate swap ("IRS") transactions, respectively, to swap some of the Group's floating rate interest payments into fixed rate interest payments. The average fixed rate for these IRS is approximately 4.15%. By entering into these IRS transactions, the Group has increased its debt covered by IRS to HK\$7.75 billion (31 March 2008: HK\$4 billion), extended the average life of the IRS to 4.31 years as at 30 September 2008 (31 March 2008: 3.58 years) and lowered the average fixed interest rate under the Group's IRS to 4.61% (31 March 2008: 5.05%). The IRS enables the Group to hedge its interest rate exposure and to have a more stable interest rate profile in the next few years. As at 30 September 2008, approximately 79% (31 March 2008: 56%) of the total drawn facilities are at fixed rates.

In terms of the Group's available financial resources as at 30 September 2008, the Group had total undrawn bank loan facilities of HK\$400 million and net cash at bank and in hand of HK\$1,358 million. The deposits are with maturities that have been well planned to satisfy the financial commitments and working capital requirements of the Group. The Manager has adopted a principal preservation approach in its cash management to ensure flexibility to meet the operational needs of the Group. In addition, the generation of strong recurrent cashflows from the Group's investment property portfolio provides the Group with a strong financial position and enables the Group to finance any capital expenditure that The Link REIT may incur in relation to major renovations, improvement works and other value-enhancing strategic initiatives. Fluctuations in exchange rates pose minimal exposure to the Group as majority of the Group's assets and liabilities are dominated in Hong Kong dollars.

Gearing Ratio

As at 30 September 2008, the loan to asset ratio for the Group was 23.2% (31 March 2008: 24.2%), based on total borrowings of HK\$11,535 million (31 March 2008: HK\$12,185 million) and total gross asset value of HK\$49,664 million (31 March 2008: HK\$50,348 million), after the revaluation conducted by KFP for the properties portfolio, the result of which has been reflected in the interim financial information. The Group continued to maintain most of its borrowings on an unsecured basis, with unsecured debt accounting for approximately 65% of the total facilities as at 30 September 2008. The Group will continue to obtain financing on an unsecured basis whenever possible.

Credit Ratings

On 12 September 2008, Standard & Poor's reaffirmed The Link REIT's corporate credit rating of "A grade with a stable outlook". In addition on 17 October 2008, Moody's Investors Service also reaffirmed the A3 corporate family and senior unsecured debt ratings of The Link REIT with a positive outlook.

Gross Liabilities and Net Assets

As at 30 September 2008, gross liabilities (excluding net assets attributable to unitholders) accounted for HK\$19,019 million (31 March 2008: HK\$19,790 million), or 38.3% (31 March 2008: 39.3%) of total gross asset value. As at 30 September 2008, net assets attributable to unitholders amounted to HK\$30,645 million or HK\$14.16 per unit (31 March 2008: HK\$30,558 million or HK\$14.16 per unit).

UNITS IN ISSUE

A distribution reinvestment scheme was adopted by The Link REIT in respect of the final distribution for the year ended 31 March 2008. Pursuant to the distribution reinvestment scheme, unitholders can elect to receive the distribution in the form of cash, or in the form of new units of The Link REIT, or a combination of both. On 19 August 2008, 5,184,129 units were issued at a price of HK\$18.488 per unit pursuant to the said distribution reinvestment scheme, resulting in a total of 2,163,861,896 units in issue as at 30 September 2008. The units have been actively traded during the period under review. The closing price of the units as at 30 September 2008 was HK\$16.02 (31 March 2008: HK\$17.26) with total market capitalisation amounting to HK\$34,665 million (31 March 2008: HK\$37,259 million). The closing price reflected a premium of 13.1% (31 March 2008: 21.9%) over the net asset value of HK\$14.16 (31 March 2008: HK\$14.16) per unit.

HUMAN RESOURCES DEVELOPMENT

The Manager's remuneration policy is built upon the principles of providing an equitable, motivating and competitive remuneration package with a view to attracting, motivating and retaining high performing staff. As an ongoing practice of adhering to these principles, the Manager reviews the remuneration policies and practices in line with market practices and with assistance provided by independent consultants. All full-time and permanent staff are eligible for a discretionary bonus, the payment of which is based on both the individual staff's performance and the performance of The Link

REIT. Staff benefits, amongst others, include the mandatory provident fund, annual leave, sick leave, maternity leave, medical insurance, life and personal accident insurance, etc. During the interim period ended 30 September 2008, there was a 6% growth in headcount with most of the addition supporting leasing and project management.

AWARDS

On 27 June 2008, The Link was presented the “Hong Kong Enterprise Environmental Achievement Award” by Hong Kong Environmental Protection Association in recognition of its efforts and contribution in environmental protection. Committed to protecting the environment, The Link frequently organises environmental protection activities in its shopping centres and has implemented energy-saving measures with great success.

On 19 October 2008, The Link won a Gold Award in the marketing category in the first “Asia Shopping Centre Awards” (the “Awards”) for its corporate citizenship project “The Link Fun Academy”, affirming its efforts in supporting the community through programmes at shopping centres. The Awards was organised by International Council of Shopping Centers, a global trade association of the shopping center industry. The Council’s “Asia Shopping Centre Awards” seeks to recognise companies in the region for their outstanding achievements in shopping centre marketing and development. Judging criteria for the marketing category include marketing objectives and strategy, creativity, tactics and implementation, results and impact, and cost effectiveness.

On 30 October 2008, The Link was presented the Prime Awards for Corporate Social Responsibility 2008 for its two corporate citizenship programmes — “The Link Fun Academy” and “The Link Tenant Academy”. This award, organised by the Prime Communications Limited and the Hong Kong Institute of Directors, was in recognition for The Link’s efforts and involvement in building happy and harmonious communities and forming a bond of partnership with its tenants. The Link scored high in a number of judging criteria including the initiative and readiness for taking up corporate social responsibility, the willingness to support charitable causes, showing concerns on social needs, encouraging volunteer work and building up partnership etc.

Under “The Link Fun Academy”, many children and their families have enjoyed enlightening opportunities in exploring and learning a wide range of topics, including music, dancing, painting, mosaic art, sculpture, dramas and films, traditional artwork, physical training, history and culture etc. “The Link Tenant Academy”, on the other hand, aims to strengthen our partnership with tenants. It provides the value-add services by keeping our tenants abreast of latest market information, management concepts, industry trends and retail techniques through talks and seminars conducted by industry experts or veteran trainers.

On 5 November 2008, The Link was presented the “Brand-with-a-Conscience Award” by Hong Kong Institute of Marketing in recognition of its success in obtaining a good standard in the “Six Principles of Business Conscience”, covering areas including business ethics, corporate governance, fair trade and business practices, caring work environment, environmental care and community care.

APPRECIATION

With effect from 12 October 2008, Mr Leslie CHAO Tse Hou resigned as an Independent Non-Executive Director and a member of the Finance and Investment Committee of the Manager due to his business and other commitments. On 1 November 2008, Mr PUA Seck Guan was replaced as a Non-Executive Director as Capitaland Limited had nominated Mr Lim Beng Chee in his place.

The Board would like to take this opportunity to express its deep appreciation to Mr Chao and Mr Pua for their valuable contributions to the Manager and The Link REIT during their tenure of office.

PROSPECTS

The current financial turmoil makes it very difficult to discern how our market will develop over the coming months. We will focus on keeping to our strategy. We continue to make progress with our asset enhancement projects and have seen good tenant take-up in the properties where the enhancement works have been completed. We are encouraged by the good financial results achieved for the six months ended 30 September 2008 and we will continue with the programme to ensure that the other continuing projects achieve similar results. We will as always endeavour to ensure that the work continues with minimal disruption to tenants and customers.

Asset repositioning and changes and upgrades to trade and tenant mix is very much part of the evolution of our shopping centres and together with asset enhancement work will help us progressively increase rental income through rental reversion as the leasing cycle reverts.

Underpinning our success with our existing portfolio and coupled with our strong financial fundamentals, we will selectively consider other accretive investments to expand our portfolio and maximise unitholders' return as and when potential opportunities arise.

We remain very committed and focused and endeavour to work for the benefit of all our unitholders, tenants and the community in which we serve.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, the Manager is committed to certain policies and procedures to ensure that The Link REIT is well-managed and operates in a transparent manner. Set out below is a summary of the key components of the corporate governance policies that have been adopted by the Manager and The Link REIT.

Authorisation Structure

The Link REIT is a collective investment scheme authorised by the SFC under section 104 of the Securities and Futures Ordinance (the "SFO") and regulated by the provisions of the Code on Real Estate Investment Trusts issued by the SFC (the "REIT Code").

The Manager which was established to manage the portfolio of The Link REIT is licensed under the SFO to carry on regulated activity of asset management. HSBC Institutional Trust Services (Asia) Limited, the trustee of The Link REIT (the “Trustee”) is a registered trust company for collective investment schemes under the SFO and the REIT Code. The Trustee is responsible for the safe custody of the assets of The Link REIT. The Link REIT has adopted an internalized management structure whereby the Trustee holds all the issued shares of the Manager for the benefit of unitholders of The Link REIT.

Compliance

During the period ended 30 September 2008, the Manager and The Link REIT has complied with the provisions of the REIT Code, the relevant provisions of the SFO, the relevant sections of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the trust deed dated 6 September 2005 between the Trustee and the Manager constituting The Link REIT as amended and supplemented from time to time by supplemental deeds (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. The Board has reviewed and accepted the quarterly compliance reports which were examined and endorsed by the Audit Committee.

The Manager and The Link REIT have also met the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, where appropriate.

Board of Directors

The Board principally oversees the management of the Manager’s affairs and the conduct of its business and is responsible for the overall governance of the Manager. It leads and guides the Manager’s corporate strategy and direction and is functioning separately from, and independent of, the executive management. Pursuant to the Manager’s corporate governance policy, at least half of the Directors of the Board are required to be Independent Non-Executive Directors (“INEDs”). At present, the Board comprises thirteen (13) members, seven (7) of whom are INEDs, four (4) are Non-Executive Directors and the Chief Executive Officer and Chief Financial Officer are Executive Directors. The positions of Chairman who has to be an INED and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties.

The composition of the Board will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Review of Financial Results

The interim results of The Link REIT for the six months ended 30 September 2008 have been reviewed by the Audit Committee and approved by the Board at its meeting on 12 November 2008. The interim financial information have also been reviewed by The Link REIT’s auditors in accordance with 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.

Investor Relations

In promoting good corporate governance and transparency, The Link REIT has continuously communicated with both the stakeholders and the unitholders during the period under review. Since 1 April 2008, the Manager has participated in the following roadshows and investors' conferences:

Month	Event	Organiser	Venue
March–April 2008	Asian Investment Conference 2008	Credit Suisse	Hong Kong
June 2008	Post Final Results Roadshow	JP Morgan	Hong Kong, Singapore, London
July 2008	Hong Kong Property Access Day	CLSA	Hong Kong
July 2008	The “Pulse of Asia” Conference	DBS Vickers	Singapore
July 2008	Defensive/High Yield Plays Corporate Day	BNP Paribas Securities	Hong Kong
July–August 2008	Post Final Results Roadshow	Macquarie	Sydney
August 2008	Post Final Results Roadshow	Daiwa	Tokyo
September 2008	Hong Kong/China Property Day 2008	UBS	Hong Kong
September 2008	15th Annual Investors' Forum	CLSA	Hong Kong

The Manager will continue to participate in roadshows and investors' conferences to enhance The Link REIT's relationship with the investor community and investors' understanding of The Link REIT's operations and developments.

Further details of the corporate governance policies and practices that are adopted by the Manager and The Link REIT are set out on pages 75 to 92 of The Link REIT's 2008 Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE LINK REIT'S LISTED UNITS

Neither the Manager nor any of The Link REIT's subsidiaries had purchased, sold or redeemed any of The Link REIT's listed units during the period.

CLOSURE OF REGISTER

The record date for the interim distribution will be 2 December 2008. For the purpose of the distribution, the register of unitholders will be closed from 28 November 2008 to 2 December 2008, both days inclusive. In order to qualify for the distribution, all transfers, accompanied by the relevant unit certificates, must be lodged with The Link REIT'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 pm on 27 November 2008. The distribution will be paid to the unitholders on or about 23 January 2009.

DISTRIBUTION REINVESTMENT SCHEME

A distribution reinvestment scheme is available to unitholders and unitholders can elect to receive the distribution in respect of the period ended 30 September 2008 in the form of cash, or in the form of new units of The Link REIT, or a combination of both. An announcement explaining further information of the distribution reinvestment scheme will be released on or about 2 December 2008 and a circular containing the details together with the relevant election form or entitlement advice will be sent to unitholders on or about 11 December 2008.

ISSUANCE OF THE INTERIM REPORT

The interim report for the six months ended 30 September 2008 will be published and forwarded to unitholders on or about 26 November 2008.

By order of the board of directors of
The Link Management Limited
(as Manager of The Link Real Estate Investment Trust)
Nicholas Robert SALLNOW-SMITH
Chairman

Hong Kong, 12 November 2008

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

Chairman (also an Independent Non-executive Director)
Nicholas Robert SALLNOW-SMITH

Executive Directors

Ian David Murray ROBINS (*Chief Executive Officer*)
CHEW Fook Aun (*Chief Financial Officer*)

Non-Executive Directors

Ian Keith GRIFFITHS
John HO Chi On
KEE Teck Koon
LIM Beng Chee

Independent Non-Executive Directors

Michael Ian ARNOLD
Anthony CHOW Wing Kin
Patrick FUNG Yuk Bun
Stanley KO Kam Chuen
Richard WONG Yue Chim
Allan ZEMAN