The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The Link Real Estate Investment Trust

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

(stock code: 823)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

The board of directors (the "Board") of The Link Management Limited (the "Manager"), as the manager of The Link Real Estate Investment Trust ("The Link REIT"), is pleased to announce the audited consolidated final results of The Link REIT and its subsidiaries (the "Group") for the year ended 31 March 2010.

The final results and the financial statements of the Group for the financial year ended 31 March 2010 have been reviewed by the Audit Committee of the Manager and subsequently approved by the Board at its meeting on 2 June 2010.

Revenue and net property income grew 10.8% and 18.6% year-on-year to HK$4,990 million (2009: HK$4,503 million) and HK$3,328 million (2009: HK$2,805 million) respectively in the financial year ended 31 March 2010. Distributable income rose 17.3% from a year ago to HK$2,134 million (2009: HK$1,819 million), while distribution per unit ("DPU") increased by 15.9% year-on-year to HK97.37 cents (2009: HK83.99 cents). Total DPU of HK97.37 cents comprises interim DPU of HK48.35 cents (2009: HK40.86 cents) and final DPU of HK49.02 cents (2009: HK43.13 cents) that was approved by the Board.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

For the year ended 31 March 2010

	Note	2010 HK$'M	2009 HK$'M
Revenues	2	**4,990**	4,503
Property operating expenses		**(1,662)**	(1,698)
Net property income		**3,328**	2,805
General and administrative expenses		**(120)**	(134)
Change in fair values of investment properties		**9,809**	(1,865)
Operating profit	4	**13,017**	806
Interest income		**6**	37
Finance costs on interest bearing liabilities		**(583)**	(511)
Profit before taxation and transactions with Unitholders		**12,440**	332
Taxation	5	**(2,077)**	290
Profit for the year, before transactions with Unitholders		**10,363**	622
Distributions paid to Unitholders:			
2008 final distribution		**—**	(826)
2009 interim distribution		**—**	(884)
2009 final distribution		**(935)**	—
2010 interim distribution		**(1,055)**	—
		8,373	(1,088)
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units		**8,600**	(1,497)
Amount arising from cash flow hedging reserve movement		**(227)**	409
		8,373	(1,088)

Notes:

(i) Total Distributable Income is determined in the consolidated statement of distributions. The final distribution declared in respect of this year as set out in the consolidated statement of distributions will be paid to Unitholders on or about 4 August 2010.

(ii) Earnings per unit, based upon profit after taxation and before transactions with Unitholders and the weighted average number of units in issue, is set out in Note 6 to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	Before transactions with Unitholders *HK$'M*	Transactions with Unitholders (i) *HK$'M*	After transactions with Unitholders *HK$'M*
For the year ended 31 March 2010				
Profit for the year		**10,363**	**(10,590)**	**(227)**
Other comprehensive income				
Cash flow hedging reserve		**227**	**—**	**227**
Total comprehensive income for the year	*(ii)*	**10,590**	**(10,590)**	**—**
For the year ended 31 March 2009				
Profit for the year		622	(213)	409
Other comprehensive loss				
Cash flow hedging reserve		(409)	—	(409)
Total comprehensive income for the year	*(ii)*	213	(213)	—

Notes:

(i) Transactions with Unitholders comprise the distributions to Unitholders of HK$1,990 million (2009: HK$1,710 million) and change in net assets attributable to Unitholders, excluding issues of new units, of HK$8,600 million increase (2009: HK$1,497 million decrease).

(ii) In accordance with the Trust Deed, The Link REIT is required to distribute to Unitholders not less than 90% of Total Distributable Income for each financial year. Accordingly, the units contain contractual obligations of the trust to pay cash dividends. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with Hong Kong Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issues of new units, are finance costs. Accordingly, the total comprehensive income, after the transactions with Unitholders, is zero.

Consolidated Statement of Distributions

For the year ended 31 March 2010

	2010 *HK$'M*	2009 *HK$'M*
Profit for the year, before transactions with Unitholders	**10,363**	622
Adjustments:		
Change in fair values of investment properties	**(9,809)**	1,865
Deferred taxation on change in fair values of investment properties	**1,619**	(308)
Deferred taxation on change in tax rate	**—**	(341)
Other non-cash income	**(39)**	(19)
Total Distributable Income *(Note (i))*	**2,134**	1,819
Interim distribution, paid	**1,055**	884
Final distribution, to be paid to the Unitholders	**1,079**	935
Total distributions for the year *(Note (ii))*	**2,134**	1,819
As a percentage of Total Distributable Income	**100%**	100%
Units in issue at 31 March	**2,202,043,479**	2,167,040,427
Distributions per unit to Unitholders:		
Interim distribution per unit, paid *(Note (iii))*	**HK48.35 cents**	HK40.86 cents
Final distribution per unit, to be paid to the Unitholders *(Note (iv))*	**HK49.02 cents**	HK43.13 cents
Distribution per unit for the year	**HK97.37 cents**	HK83.99 cents

Notes:

(i) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after taxation attributable to Unitholders (equivalent to profit for the year, 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 year.

(ii) 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 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 year ended 31 March 2010. The interim distribution was paid to Unitholders on 26 January 2010. The final distribution will be paid to Unitholders on or about 4 August 2010.

(iii) The interim distribution per unit of HK48.35 cents for the six months ended 30 September 2009 was calculated based on the interim distribution of HK$1,055 million for the period and 2,180,865,373 units in issue as at 30 September 2009. The interim distribution per unit of HK40.86 cents for the six months ended 30 September 2008 was 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.

(iv) The final distribution per unit of HK49.02 cents (2009: HK43.13 cents) is calculated based on the final distribution to be paid to the Unitholders of HK$1,079 million for the period and 2,202,043,479 units in issue as at the year end (2009: HK$935 million and 2,167,040,427 units).

Consolidated Statement of Financial Position

As at 31 March 2010

	Note	2010 HK$'M	2009 HK$'M
Non-current assets			
Goodwill		**3,988**	3,988
Investment properties		**53,781**	43,255
Property, plant and equipment		**86**	65
		57,855	47,308
Current assets			
Trade and other receivables	*7*	**162**	121
Deposits and prepayments		**38**	21
Short-term bank deposits		**243**	722
Cash and cash equivalents		**633**	508
		1,076	1,372
Total assets		**58,931**	48,680
Current liabilities			
Trade payables, receipts in advance and accruals	*8*	**993**	1,125
Security deposits		**630**	493
Provision for taxation		**145**	71
Current portion of long-term incentive plan payable		**39**	—
		1,807	1,689
Net current liabilities		**731**	317
Total assets less current liabilities		**57,124**	46,991
Non-current liabilities, excluding net assets attributable to Unitholders			
Long-term incentive plan payable		**26**	34
Interest bearing liabilities	*9*	**10,867**	11,538
Derivative financial instruments		**513**	738
Deferred tax liabilities		**7,274**	5,480
		18,680	17,790
Total liabilities, excluding net assets attributable to Unitholders		**20,487**	19,479
Net assets attributable to Unitholders		**38,444**	29,201
Units in issue		**2,202,043,479**	2,167,040,427
Net assets per unit attributable to Unitholders		**HK$17.46**	HK$13.47

Consolidated Statement of Changes in Equity and Net Assets Attributable to Unitholders

For the year ended 31 March 2010

	Total reserves *HK$'M*	Net assets attributable to Unitholders *HK$'M*	Total *HK$'M*
Net assets attributable to Unitholders at 1 April 2009	—	**29,201**	**29,201**
Issuance of units under distribution reinvestment scheme	—	**643**	**643**
Profit for the year ended 31 March 2010, before transactions with Unitholders	—	**10,363**	**10,363**
Distributions paid to Unitholders			
2009 final distribution	—	**(935)**	**(935)**
2010 interim distribution	—	**(1,055)**	**(1,055)**
Change in fair values of cash flow hedges	**(157)**	—	**(157)**
Amount transferred to the consolidated income statement	**384**	—	**384**
Amount arising from cash flow hedging reserve movement	**(227)**	**227**	—
Change in net assets attributable to Unitholders for the year ended 31 March 2010, excluding issues of new units	—	**8,600**	**8,600**
Net assets attributable to Unitholders at 31 March 2010	—	**38,444**	**38,444**
Net assets attributable to Unitholders at 1 April 2008	—	30,558	30,558
Issuance of units under distribution reinvestment scheme	—	140	140
Profit for the year ended 31 March 2009, before transactions with Unitholders	—	622	622
Distributions paid to Unitholders			
2008 final distribution	—	(826)	(826)
2009 interim distribution	—	(884)	(884)
Change in fair values of cash flow hedges	(566)	—	(566)
Amount transferred to the consolidated income statement	157	—	157
Amount arising from cash flow hedging reserve movement	409	(409)	—
Change in net assets attributable to Unitholders for the year ended 31 March 2009, excluding issues of new units	—	(1,497)	(1,497)
Net assets attributable to Unitholders at 31 March 2009	—	29,201	29,201

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 ("HKFRSs"), the requirements of the Trust Deed and the relevant disclosure requirements as set out in Appendix C of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the "REIT Code"). HKFRSs is a collective term which includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

Accounting policies have been consistently applied and there is no significant change in accounting policies from those which were disclosed in the audited consolidated financial statements for the year ended 31 March 2009.

2. Revenues

Revenues recognised during the year comprise:

	2010	2009
	HK$'M	*HK$'M*
Rental income from retail properties	**3,699**	3,260
Gross rental revenue from car parks	**1,005**	982
	4,704	4,242
Other revenues		
Air conditioning service fees	**266**	253
Other property related income	**20**	8
	286	261
Total revenues	**4,990**	4,503

Lease arrangements with tenants provide for base monthly rental charges and recovery of certain outgoings. Additional rents based on business turnover amounted to HK$70 million (2009: HK$63 million) and have been included in the rental income.

3. Segment information

	Retail properties *HK$'M*	Car parks *HK$'M*	Head office *HK$'M*	Total *HK$'M*
For the year ended 31 March 2010				
Revenues	3,983	1,007	—	4,990
Segment results	2,814	514	(120)	3,208
Change in fair values of investment properties	9,153	656	—	9,809
Interest income				6
Finance costs on interest bearing liabilities				(583)
Profit before taxation and transactions with Unitholders				12,440
Taxation				(2,077)
Profit for the year, before transactions with Unitholders				10,363
Capital expenditure	703	15	38	756
Depreciation	—	—	(17)	(17)
As at 31 March 2010				
Segment assets	45,459	8,495	113	54,067
Goodwill				3,988
Short-term bank deposits				243
Cash and cash equivalents				633
Total assets				58,931
Segment liabilities	1,176	227	220	1,623
Provision for taxation				145
Long-term incentive plan payable				65
Interest bearing liabilities				10,867
Derivative financial instruments				513
Deferred tax liabilities				7,274
Total liabilities, excluding net assets attributable to Unitholders				20,487
Net assets attributable to Unitholders				38,444

3. Segment information (Continued)

	Retail properties HK$'M	Car parks HK$'M	Head office HK$'M	Total HK$'M
For the year ended 31 March 2009				
Revenues	3,521	982	—	4,503
Segment results	2,243	562	(134)	2,671
Change in fair values of investment properties	(1,402)	(463)	—	(1,865)
Interest income				37
Finance costs on interest bearing liabilities				(511)
Profit before taxation and transactions with Unitholders				332
Taxation				290
Profit for the year, before transactions with Unitholders				622
Capital expenditure	757	56	36	849
Depreciation	—	—	(16)	(16)
As at 31 March 2009				
Segment assets	35,560	7,823	79	43,462
Goodwill				3,988
Short-term bank deposits				722
Cash and cash equivalents				508
Total assets				48,680
Segment liabilities	1,241	151	226	1,618
Provision for taxation				71
Long-term incentive plan payable				34
Interest bearing liabilities				11,538
Derivative financial instruments				738
Deferred tax liabilities				5,480
Total liabilities, excluding net assets attributable to Unitholders				19,479
Net assets attributable to Unitholders				29,201

4. Operating profit before finance costs, taxation and transactions with Unitholders

	2010 HK$'M	2009 HK$'M
Operating profit before finance costs, taxation and transactions with Unitholders is stated after charging:		
Staff costs	**247**	236
Depreciation of property, plant and equipment	**17**	16
Loss on disposal of property, plant and equipment	**1**	1
Strategic partner fee *(Note)*	**4**	5
Trustee's fee	**3**	4
Valuation fee	**4**	4
Auditor's remuneration		
— audit service	**4**	3
— non-audit service	**3**	2
Bank charges	**3**	2
Operating lease charges	**9**	6
Other legal and professional fees	**8**	12
Commission to property agents	**1**	—

Note: On 26 August 2009, the five year Co-operation Agreement between CapitaLand Limited ("CapitaLand") and the Manager, under which CapitaLand provided consultancy and management advisory services on funds, portfolio, asset and property management to the Manager in return for the strategic partner fee, expired.

5. Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year.

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

	2010 HK$'M	2009 HK$'M
Current taxation	**283**	206
Deferred taxation		
— Change in fair values of investment properties	**1,619**	(308)
— Effect of change in tax rate	**—**	(341)
— Other temporary differences	**175**	153
Taxation charge/(credit)	**2,077**	(290)

5. Taxation (Continued)

The differences between the Group's expected tax charge, using the Hong Kong profits tax rate, and the Group's taxation for the year were as follows:

	2010	2009
	HK$'M	*HK$'M*
Profit before taxation	**12,440**	332
Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2009: 16.5%)	**2,052**	55
Tax effect of non-deductible expenses	**26**	4
Tax effect of non-taxable income	**(1)**	(6)
Effect of change in tax rate	**—**	(341)
Adjustment in respect of prior years	**—**	(2)
Taxation charge/(credit)	**2,077**	(290)

6. Earnings per unit based upon profit after taxation and before transactions with Unitholders

	2010	2009
Profit after taxation and before transactions with Unitholders	**HK$10,363 million**	HK$622 million
Weighted average number of units for the year for calculating basic earnings per unit	**2,179,334,098**	2,162,465,628
Adjustment for dilutive contingently issuable units under long-term incentive plan	**1,819,282**	437,940
Weighted average number of units for the year for calculating diluted earnings per unit	**2,181,153,380**	2,162,903,568
Earnings per unit based on profit after taxation and before transactions with Unitholders, basic and diluted	**HK$4.75**	HK$0.29

7. Trade and other receivables

	2010	2009
	HK$'M	*HK$'M*
Trade receivables	**67**	62
Less: provision for impairment of trade receivables	**(4)**	(4)
Trade receivables — net	**63**	58
Other receivables	**99**	63
	162	121

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

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

The ageing analysis of trade receivables is as follows:

	2010	2009
	HK$'M	*HK$'M*
0 — 30 days	**58**	48
31 — 90 days	**5**	10
Over 90 days	**4**	4
	67	62

Monthly rentals in respect of retail properties are payable in advance by tenants in accordance with the leasing agreements while daily gross receipts from car parks are received from the car park operators in arrears.

Included in the net trade receivables of HK$63 million (2009: HK$58 million) presented above were HK$27 million (2009: HK$26 million) of accrued car park income and HK$8 million (2009: HK$4 million) of accrued turnover rent, which were not yet due as at 31 March 2010. The remaining HK$28 million (2009: HK$28 million) were past due but not impaired.

7. Trade and other receivables (Continued)

The ageing analysis of the past due but not impaired trade receivables is as follows:

	2010	2009
	HK$'M	*HK$'M*
0 — 30 days	**23**	18
31 — 90 days	**5**	10
	28	28

As at 31 March 2010, trade receivables of HK$4 million (2009: HK$4 million) were considered as impaired and had been provided for. The individually impaired receivables are those where collectibility is in doubt.

The ageing analysis of the impaired trade receivables is as follows:

	2010	2009
	HK$'M	*HK$'M*
Over 90 days	**4**	4

Movements on the provision for impairment of trade receivables are as follows:

	2010	2009
	HK$'M	*HK$'M*
At 1 April	**4**	5
Provision for impairment of trade receivables	**1**	7
Receivables written off during the year as uncollectible	**(1)**	(8)
At 31 March	**4**	4

The creation and release of provision for impairment of trade receivables have been included in property operating expenses in the consolidated income statement. Amounts charged to the provision account will be written off when there is no expectation of recovering additional cash.

The other classes of receivables included in the trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of trade and other receivables.

8. Trade payables, receipts in advance and accruals

	2010	2009
	HK$'M	*HK$'M*
Trade payables	**49**	136
Receipts in advance	**107**	76
Accruals	**837**	913
	993	1,125

The ageing analysis of trade payables is as follows:

	2010	2009
	HK$'M	*HK$'M*
0 — 30 days	**32**	80
31 — 90 days	**15**	41
Over 90 days	**2**	15
	49	136

Payables are denominated in Hong Kong Dollars and the carrying amounts of these payables approximate their fair values.

9. Interest bearing liabilities

	2010	2009
	HK$'M	*HK$'M*
Syndicated loan *(Note (i))*	**3,097**	4,592
HKMC loan (secured) *(Note (ii))*	**4,000**	4,000
Medium term notes *(Note (iii))*	**1,788**	—
Other borrowings	**1,982**	2,946
	10,867	11,538

9. Interest bearing liabilities (Continued)

Interest bearing liabilities are repayable as follows:

	2010	2009
	HK$'M	*HK$'M*
Due in the second year		
HKMC loan (secured)	**—**	4,000
Syndicated loan	**3,097**	—
Other borrowings	**248**	—
	3,345	4,000
Due in the third year		
Syndicated loan	**—**	4,592
Other borrowings	**688**	248
	688	4,840
Due in the fourth year		
Other borrowings	**369**	2,698
Due in the fifth year		
HKMC loan (secured)	**4,000**	—
Due beyond the fifth year		
Medium term notes	**1,788**	—
Other borrowings *(Note (iv))*	**677**	—
	2,465	—
	10,867	11,538

Notes:

(i) On 4 August 2006, the Group arranged a HK$5 billion five-year floating rate syndicated term/revolving bank loan facility, guaranteed by two subsidiaries of the Group, The Link Holdings Limited and The Link Properties Limited. The undrawn portion of the facility amounted to HK$0.4 billion as at 31 March 2010 (2009: HK$0.4 billion).

(ii) On 27 April 2009, the Group refinanced a five-year floating rate HK$4 billion loan with The Hong Kong Mortgage Corporation Limited ("HKMC") that included an option to extend HK$2 billion for one more year upon maturity till May 2015.

9. Interest bearing liabilities (Continued)

Notes (Continued):

(iii) On 6 May 2009, the Group established a US$1 billion Guaranteed Euro Medium Term Note programme ("MTN programme"), under which unsecured notes may be issued in various currencies with fixed or floating rates and maturities between one month and 30 years. During the year, a total of HK$1.8 billion unsecured notes has been issued at fixed rates ranging from 3.73% to 4.75%.

(iv) On 24 and 25 March 2010, prepayment notices were served to prepay a total of HK$300 million bank borrowing in April 2010 using the proceeds from the new HK$300 million 7-year unsecured notes at a fixed rate of 3.4125% per annum issued under the MTN programme on 1 April 2010. The HK$300 million bank borrowing was shown above according to the unsecured notes' maturing year of 2017/18.

(v) Except for a bank loan of HK$248 million (2009: HK$248 million) which is denominated in United States Dollars, all the other interest bearing liabilities are denominated in Hong Kong Dollars.

(vi) The effective interest rate of the interest bearing liabilities (including interest rate swap) at the reporting date was 4.30% (2009: 4.16%). The carrying amounts of the interest bearing liabilities approximate their fair values.

10. Security for the Group's loan facilities

As at 31 March 2010, certain of the Group's investment properties, amounting in value to approximately HK$5.5 billion (2009: HK$4.5 billion), were pledged to secure the HKMC loan. No property was pledged to secure any bank loan or medium term note.

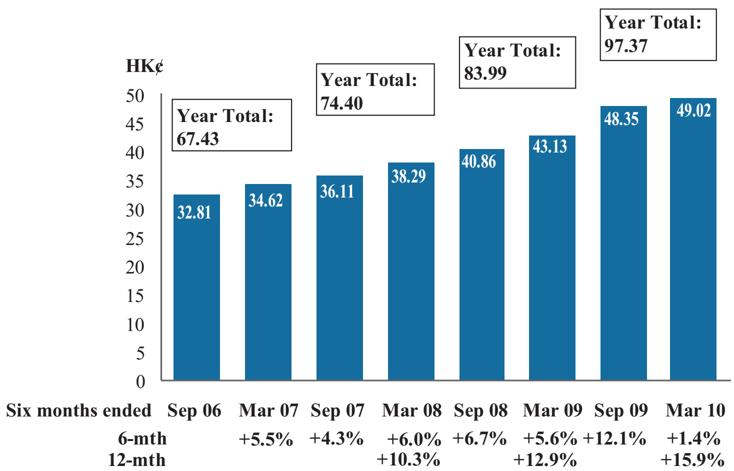
MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

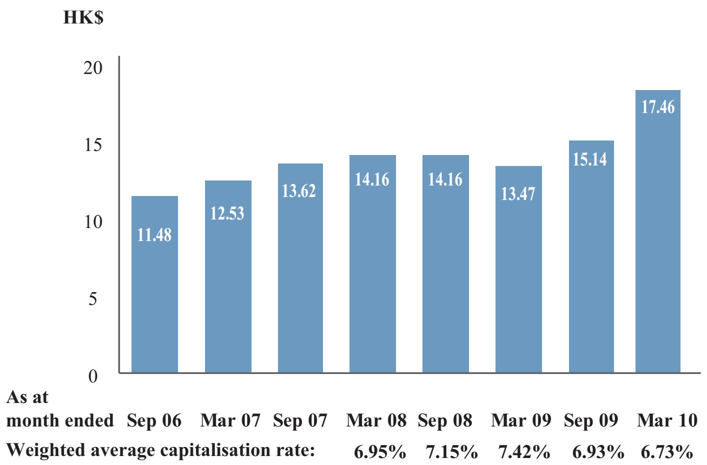
This financial year was a period of continued and strong growth for The Link REIT. The Manager entered the financial year cautiously but The Link REIT's portfolio proved resilient in challenging economic circumstances. The economic conditions in Hong Kong turned out to be better than what the Manager had expected. Distribution per unit increased by 15.9% year-on-year, extending The Link REIT's consistent track record of growing its DPU. Buoyed largely by a rise in values of investment properties, net asset value per unit increased by 29.6% to HK$17.46 (2009: HK$13.47).

In the year under review, net property income rose 18.6% and distributable income rose 17.3% as revenue grew by 10.8% and operating expenses declined by 2.1%. Average monthly unit rent for the retail properties rose by 7.7% year-on-year to HK$30.6 per square foot as at 31 March 2010 from HK$28.4 per square foot as at 31 March 2009. Through active leasing and completion of asset enhancement initiatives ("AEI"), the Manager has driven revenue growth while efforts to address costs have helped to drive the decline in operating expenses. Growth has been supported by active capital management and a strong financial position.

Track Record of Growth in Distribution Per Unit



Changes in Net Asset Value Per Unit



Portfolio Highlights

Within The Link REIT's portfolio of properties, retail properties are the main contributors to revenue. Total revenue for the year ended 31 March 2010 was HK$4,990 million (2009: HK$4,503 million) comprising income from retail properties of HK$3,699 million (2009: HK$3,260 million), income from car park operations of HK$1,005 million (2009: HK$982 million) and income from other sources of HK$286 million (2009: HK$261 million).

Revenue Analysis

	Year ended 31 March 2010 *(HK$'M)*	Year ended 31 March 2009 *(HK$'M)*	YoY Growth *(%)*	Percentage contribution for the year ended 31 March 2010 *(%)*
Rental income:				
Shops	**2,841**	2,467	15.2	57.0
Shops — Turnover rent	**70**	63	11.1	1.4
Markets	**522**	491	6.3	10.5
Cooked Food Stalls	**50**	40	25.0	1.0
Education/Welfare	**45**	46	(2.2)	0.9
HD Office	**10**	23	(56.5)	0.2
Ancillary	**70**	62	12.9	1.4
Mall Merchandising	**91**	68	33.8	1.8
Gross revenue from car park:				
Monthly	**769**	763	0.8	15.4
Hourly	**236**	219	7.8	4.7
Expense recovery and other miscellaneous income:				
Property related income	**286**	261	9.6	5.7
	4,990	4,503	10.8	100.0

Retail Portfolio Review

Key revenue drivers for The Link REIT's retail properties in the year ended 31 March 2010 were positive rental reversions, higher occupancy rates and contributions from completion of AEIs.

Retail Portfolio Summary

Category *(as at 31 March 2010)*	**Total IFA** *(sq ft)*	**Occupancy rate** *(%)*	**Average monthly unit rent per leased IFA** *(HK$ psf)*
Shops	8,749,422	92.8	30.3
Markets	866,969	81.1	63.5
Cooked Food Stalls	143,398	80.6	36.1
Education/Welfare	883,991	93.1	4.4
HD Office	176,254	21.8	13.1
Ancillary	7,143	99.4	130.5
Total excluding Self use office	10,827,177	90.6	30.6
Self use office	145,311		
Total including Self use office	10,972,488		
Total excluding Self use office, Education/ Welfare only	9,943,186	90.4	33.0
Total excluding Self use office, Education/ Welfare, HD Office and Ancillary	9,759,789	91.6	33.0

Composite Reversion Rate

The composite reversion rate for retail properties was strong at 20.5% for the year under review. The composite reversion rate for shops, which was the largest revenue contributor, was 23.7% for the year under review. The Link REIT enjoyed a full year's impact of reversion of 25.2% and 28.5% for retail properties and shops respectively on leases which commenced in the year ended 31 March 2009.

	Year ended 31 March 2010 *(%)*	6 months ended 30 September 2009 *(%)*	Year ended 31 March 2009 *(%)*	**% of total IFA (exclude Self use office) as at 31 March 2010** *(%)*
Shops	**23.7**	25.3	28.5	80.8
Markets	**13.5**	10.2	13.3	8.0
Cooked Food Stalls	**14.8**	24.6	11.6	1.3
Education/Welfare	**(0.3)**	1.1	10.8	8.2
HD Office	**2.1**	—	—	1.6
Ancillary	**11.5**	2.0	22.2	0.1
Overall Retail Properties	**20.5**	22.0	25.2	100.0
Overall excluding Education/Welfare	**21.4**	22.2	25.3	91.8

Occupancy Rate

The occupancy rate rose from 87.4% a year ago to 90.6% as at 31 March 2010. At development centres, occupancy rate can fluctuate depending on the amount and stage of progress of asset enhancement works at any point in time. The occupancy rate at stable centres was 90.1% as at 31 March 2010. Focusing only on stable centres, the occupancy rate for shops, which accounts for the largest portion of leasable area, was 92.5% as at 31 March 2010. The overall occupancy rate was adversely impacted by the Housing Department vacating office space and such space is generally difficult to fill.

The Manager will be working towards driving further improvements in the occupancy rate of shops at stable centres. While leasing out some of the vacant space may fetch relatively lower rents given their disadvantageous locations within a particular property, filling up space contributes to income as property operating costs are relatively fixed.

Portfolio Occupancy Analysis

	As at 31 March 2010			As at 31 March 2009		
	Total IFA excluding Self use office ('000 sq ft)	Occupancy rate (%)	Average monthly unit rent per leased IFA (HK$ psf)	Total IFA excluding Self use office ('000 sq ft)	Occupancy rate (%)	Average monthly unit rent per leased IFA (HK$ psf)
Overall	10,827	90.6	30.6	10,905	87.4	28.4
Development Centres	1,879	93.1	39.2	2,865	76.3	35.3
Stable Centres	8,948	90.1	28.7	8,040	91.4	26.4

Analytics — Stable Centres

Category	Total IFA 31 March 2010 *(sq ft)*	Leased IFA 31 March 2010 *(sq ft)*	Vacant IFA 31 March 2010 *(sq ft)*	Average monthly unit rent per leased IFA 31 March 2010 *(HK$ psf)*	Occupancy rate 31 March 2010 *(%)*
Shops	7,111,400	6,575,921	535,479	28.6	92.5
Markets	699,607	564,891	134,716	61.6	80.7
Cooked Food Stalls	126,090	102,523	23,567	33.4	81.3
Education/Welfare	832,410	771,411	60,999	4.4	92.7
HD Office	172,444	38,466	133,978	13.1	22.3
Ancillary	6,529	6,509	20	127.4	99.7
Total excluding Self use office	8,948,480	8,059,721	888,759	28.7	90.1
Self use office	116,054				
Total including Self use office	9,064,534				
Total excluding Self use office, Education/Welfare, HD office and Ancillary	7,937,097	7,243,335	693,762	31.3	91.3

Asset Enhancement Initiatives

The Manager views AEIs as a key driver of income growth. As more AEIs are completed, the Manager sees the proportion of income contribution from completed AEI properties rising. Revenue growth for properties that have undergone asset enhancement is typically derived from better utilisation, higher rent achieved, or a combination of both. Cumulatively, 16 centres where asset enhancement works have been completed to date accounted for 25.3% of revenue excluding car parks. Six centres completed in this financial year achieved returns on investment of between 15.7% to 32.8%, exceeding our 15% hurdle rate. For the year under review, The Link REIT also benefited from full year contribution from 5 asset enhancement properties completed in the year ended 31 March 2009.

Schedule of Asset Enhancement Initiatives

HK$'M	Projects Completed 2007/08 Centre	Total Project Capex	Projects Completed 2008/09 Centre	Total Project Capex	Projects Completed 2009/10 Centre	Total Project Capex	Projects Underway 2010/11 Centre	Total Project Capex	Projects Underway 2011/12 Centre	Total Project Capex
*Projects Approved**	Tsz Wan Shan	62.17	Hau Tak	70.41	Kwai Fong	27.64	Lok Fu	422.80	Choi Yuen Ph.2**	95.43
	Lung Cheung	22.22	Tai Wo	58.23	Wong Tai Sin	130.62	Chung Fu	74.83	Tai Yuen	95.00
	Choi Ming	11.37	Lek Yuen	30.85	Wo Che	58.76	Siu Sai Wan	101.78		
	Chung On	17.08	Fu Tung	28.94	Choi Yuen Ph.1	66.86	Tak Tin	75.93		
	Ming Tak	9.06	Tin Yiu	33.48	Cheung Fat	136.36	Chuk Yuen	96.70		
					Hing Wah	34.85				
					Butterfly	95.49				
TOTAL CAPEX		121.90		221.91		550.58		772.04		190.43
	AEI Completed (Stabilised)				AEI Completed (12 months)		AEI Underway			

Stable Centres — Development Centres

Notes:

* Projects approved are those with all internal and external (government) approvals secured.

** Further work on Choi Yuen is expected to commence shortly under Phase 2. All necessary approvals for these additional works are expected to be secured soon.

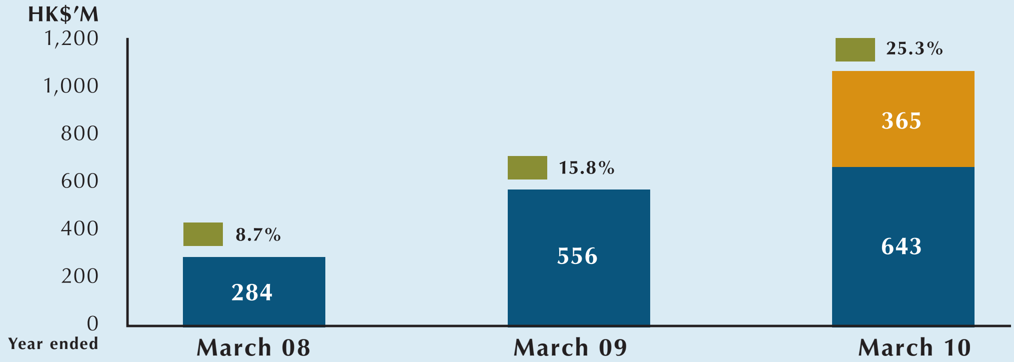
Status of AEI Programme

	Number of Projects	CAPEX *(HK$'M)*
Projects Completed since IPO	16*	827.53
Projects Underway	7	1,029.33
Projects Pending Government Approval	3	473.17
Other Projects Under Planning	11	1,409.30
	37	3,739.33

Note: Completed AEI centres are centres where the final phase of the entire project is completed.

*Choi Yuen Phase 1 is excluded.

Contribution to Revenue Excluding Car Parks from Completed AEI Centres



Total Completed AEI Centres **5** **10** **16**

- Revenue (excluding car parks) from completed AEI centres as % of Revenue (excluding car parks)
- Revenue (excluding car parks) from AEI centres completed more than 12 months ago as at 31 March 2010
- Revenue (excluding car parks) from AEI centres completed within 12 months as at 31 March 2010

Return on Investment of AEI centres completed in the year ended Mar 2010

	Total Capex	
	(HK$'M)	*(%)*
Kwai Fong	27.6	15.7*
Wong Tai Sin	130.6	23.2*
Wo Che	58.8	25.3*
Cheung Fat	136.4	23.5
Hing Wah	34.9	20.1
Butterfly	95.5	32.8

* updated figures

Retail Trade Mix

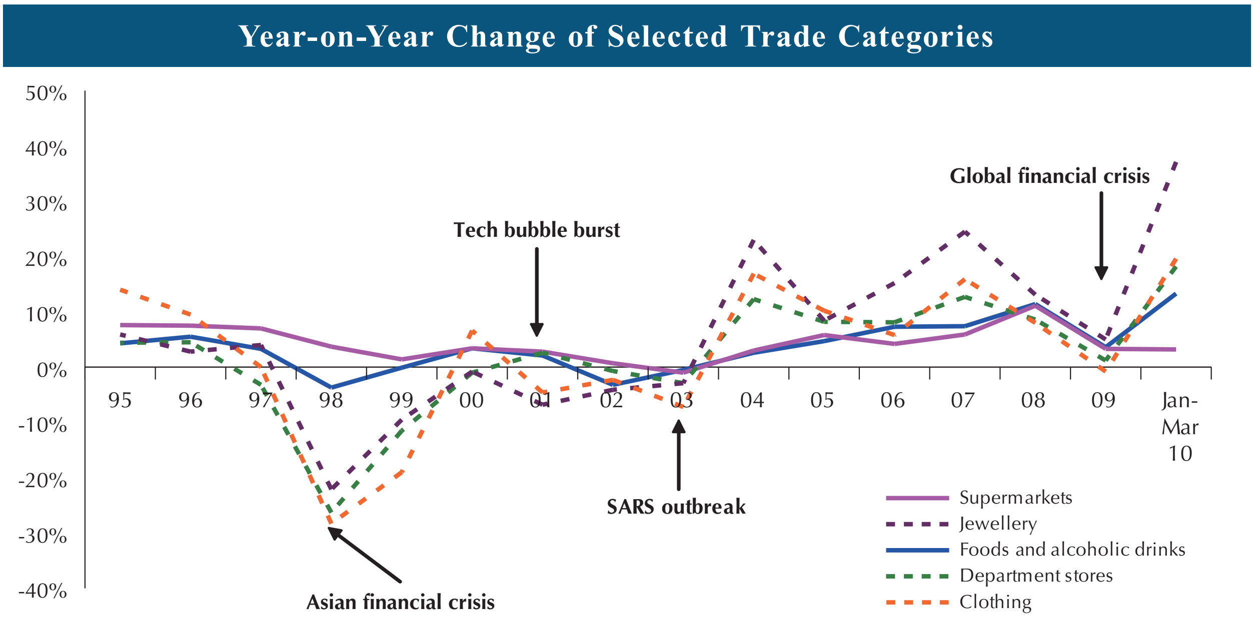
The Link REIT's retail properties cater mainly to the day-to-day shopping needs of housing estate residents living within the immediate proximity of its properties. Even as the Manager upgrades the retail properties, the Manager expects trade mix in the retail properties to remain relatively stable given the focus of the assets will continue to be on serving the day-to-day shopping needs of neighbourhood residents.

As The Link REIT's retail trade mix is inclined towards consumer staples, which historically demonstrate resilience throughout economic cycles, the Manager is confident that retailers within The Link REIT's retail portfolio will generally show steady performance. The Manager expects The Link REIT to benefit from improvement in domestic consumption in Hong Kong.

Changes in Retail Trade Mix

	Leased IFA (sq ft)		% of Leased IFA		% of Monthly Rent	
As at	**31 March 2010**	31 March 2006	**31 March 2010**	31 March 2006	**31 March 2010**	31 March 2006
Food and Beverage	3,085,169	3,139,107	31.5	33.2	25.4	23.6
Supermarket and Foodstuff	1,784,950	1,613,504	18.2	17.1	23.1	23.8
Services	922,045	840,498	9.4	8.9	10.5	9.9
Market Stall	373,107	433,685	3.8	4.6	8.5	10.5
Personal Care, Medicine, Valuable Goods, Optical, Books and Stationery	558,881	554,398	5.7	5.9	7.9	7.8
Single Operator Market	329,855	294,180	3.4	3.1	6.4	7.0

Hong Kong Retail Sales Performance by Trade Category



Source: Census and Statistics Department

Car Park Property Portfolio Review

The Link REIT has the largest car park portfolio by a single owner in Hong Kong. In the financial year under review, car park revenue rose 2.3% year-on-year to HK$1,005 million (2009: HK$982 million), while utilisation increased from 71.3% as at 31 March 2009 to 71.8% as at 31 March 2010. However, with provision made for payment of car park waiver fees, net property income margin for car parks fell from 57.2% in the year ended 31 March 2009 to 51.0% in the year ended 31 March 2010. Reducing costs at car parks is a longer term initiative given the Manager continues to have security staff at its car parks work on three shifts of eight hours each.

The government leases for the car parks generally have restrictions that they can only be leased to residents of specific housing estates, occupiers of our properties and their bona-fide visitors. In order to allow other customers to lease car park spaces on a monthly basis, temporary waivers to the restriction have to be granted by the Lands Department and these involve payment of a waiver fee. A number of these waivers that The Link REIT had obtained have since expired.

Key Car Park Property Performance Indicators

	Year ended 31 March 2010	Year ended 31 March 2009
Car park space allocation — monthly *(%)*	**86.9**	87.2
Car park space allocation — hourly *(%)*	**13.1**	12.8
Gross revenue by monthly users *(%)*	**76.5**	77.7
Gross revenue by hourly users *(%)*	**23.5**	22.3
Utilisation of car park space *(%)*	**71.8**	71.3
Effective income per space per month *(HK$)*	**1,054**	1,029
Net property income margin *(%)*	**51.0**	57.2

Review of Operating Costs

Total property operating expenses for the year ended 31 March 2010 fell 2.1% to HK$1,662 million (2009: HK$1,698 million), due in part to declines in property managers' fees, security and cleaning expenses, and utilities expenses. The Manager has been actively addressing cost issues and is pleased with results achieved to date. Savings were achieved in utilities expenses where, among other initiatives, the Manager upgraded to more energy efficient air-conditioning chiller systems at various properties. These upgrade programmes will continue to generate both environmental benefits and cost efficiencies.

Expenses Analysis

	Year ended 31 March 2010 *(HK$'M)*	Year ended 31 March 2009 *(HK$'M)*	YoY *(%)*
Property managers' fees, security and cleaning	**474**	541	(12.4)
Staff costs	**176**	166	6.0
Utilities	**316**	344	(8.1)
Repairs and maintenance	**177**	224	(21.0)
Government rent and rates	**127**	115	10.4
Promotion and marketing expenses	**80**	103	(22.3)
Other property operating expenses	**214**	109	96.3
Estate common area costs	**98**	96	2.1
Total property expenses	**1,662**	**1,698**	**(2.1)**

Financial Position

The Link REIT's financial position remains strong with low gearing. Net asset value per unit rose from HK$13.47 a year ago to HK$17.46 as at 31 March 2010. Increase in net asset value per unit was driven primarily by the increase in fair values of investment properties.

Financial Position Summary

HK$'M	**As at 31 March 2010**	As at 30 September 2009	As at 31 March 2009
Current Assets	**1,076**	991	1,372
Non Current Assets	**57,855**	51,620	47,308
Total Assets	**58,931**	52,611	48,680
Current Liabilities	**1,807**	1,762	1,689
Non Current Liabilities	**18,680**	17,833	17,790
Total Liabilities	**20,487**	19,595	19,479
Net Assets Attributable to Unitholders	**38,444**	33,016	29,201
Units in Issue *('000)*	**2,202,043**	2,180,865	2,167,040
Net Asset Value Per Unit *(HK$)*	**17.46**	15.14	13.47

Financial Position Highlights

	As at 31 March 2010	As at 30 September 2009	As at 31 March 2009
Valuation *(HK$'M)*	**53,781**	47,571	43,255
Liquidity ratio *(%)*	**59.5**	56.2	81.2
Gearing ratio *(%)*	**18.4**	20.9	23.7
Average duration of debt	**3.9 years**	3.6 years	2.4 years
Receivables *(HK$'M)*			
0-90 Days	**63**	61	58
Over 90 Days	**4**	5	4

Valuation

Knight Frank Petty Limited valued The Link REIT's property portfolio at HK$53,781 million as at 31 March 2010 (31 March 2009: HK$43,255 million), which is an increase of 24.3% compared to the valuation as at 31 March 2009. Valuation uplift was driven mainly by retail properties, which account for 84.3% of total property portfolio value. Knight Frank used discounted cash flow and income capitalisation approaches to value The Link REIT's property portfolio, with more weight given to the discounted cash flow approach.

Change in Fair Values of Investment Properties

	Year ended 31 March 2010 ***(HK$'M)***	Year ended 31 March 2009 *(HK$'M)*	**Increase/ (Decrease)** ***(%)***
At beginning of year	43,255	44,307	N/A
Additions	717	813	N/A
Change in fair values of investment properties	9,809	(1,865)	N/A
At end of year	53,781	43,255	24.3

Movements in Valuation

31 March 2009 — 31 March 2010	*(HK$'M)*	
• Effect of NPI increase, changes in market growth assumptions etc (approximate figure)	6,352	
• Effect of lower discount and capitalisation rate etc (approximate figure)	4,174	
• Embedded in valuation movements — HK$717 million of AEI and other capitalised expenditure	10,526	
• Uplift for retail properties	9,855	(27.8%)
• Uplift for car parks	671	(8.6%)

Valuation Drivers

	As at 31 March 2010	As at 30 September 2009	As at 31 March 2009
Retail *(HK$'M)*	45,315	39,589	35,460
Car Park *(HK$'M)*	8,466	7,982	7,795
Total *(HK$'M)*	**53,781**	**47,571**	**43,255**
Retail IFA *(sq ft)*	10,972,488	10,938,684	11,064,350
Per sq ft — Retail *(HK$)*	4,130	3,619	3,205
No. of Parking Spaces	79,485	79,485	79,485
Per Parking Space *(HK$)*	106,504	100,424	98,066
Income Capitalisation Approach — Capitalisation Rate			
Retail Properties	5.50-7.56%	5.71-8.01%	6.25-8.53%
Retail Properties: Weighted Average	6.46%	6.65%	7.15%
Car Park	6.00-10.00%	5.50-10.20%	6.50-10.90%
Car Park: Weighted Average	8.47%	8.66%	8.89%
Overall Weighted Average	6.73%	6.93%	7.42%
DCF Approach			
Discount Rate	8.00-11.40%	8.20-11.60%	8.50-11.70%

Capital Management

In capital management, The Link REIT is focused on diversifying source of financing, extending and spreading debt maturity, and managing interest rate exposure.

During the financial year, the global banking and debt capital markets were volatile. In the first few months of 2009, the syndicated loan market in Hong Kong nearly dried up with very few transactions. Subsequent to The Link REIT's HK$3 billion club loan signed in March 2009, the syndicated loan market in Hong Kong gradually re-opened and the credit market improved. Nevertheless, against the backdrop of the European fiscal crisis and macro-economic controls in mainland China in the past few months, the capital markets are still rife with uncertainties.

Instead of arranging large refinancing transaction at one time in the market, the Manager has taken a gradual approach for the Group's refinancing programme. Multiple smaller size Hong Kong dollar notes along with a few smaller size bilateral loans were executed at different times in order to gradually lengthen the Group's funding maturities and lower its credit margins. Refinancing transactions for the year are summarised below:

- A total of HK$1.3 billion 10-year unsecured notes with an average fixed rate of 4.35% per annum and HK$0.5 billion 7-year unsecured notes with a fixed rate of 3.73% per annum were issued under the MTN Programme, of which HK$1 billion notes were swapped into floating rates using interest rate swaps.

- A total of HK$1.5 billion new bilateral loans with maturities between 4 years and 6 years were signed with banks at an all-in costs between HIBOR + 0.75% and HIBOR + 1.31% per annum, of which HK$0.95 billion loans are revolving in nature.

- HK$4 billion mortgage loan from Hong Kong Mortgage Corporation maturing in November 2010 was renewed to May 2014 with an option to extend HK$2 billion for one more year upon maturity.

- HK$1.4 billion guaranteed notes and HK$1.3 billion bilateral loans maturing in the year were repaid.

- HK$1.5 billion of the 2006 syndicated loan maturing in October 2011 was prepaid in March 2010. Along with this loan prepayment, HK$1 billion notional amount of designated hedging interest rate swap was unwound in March 2010 and a fair value loss of HK$68.9 million originally recognised in the cash flow hedging reserve was realised as finance costs in March 2010.

Following the above refinancing transactions, the average outstanding life of the Group's committed loan facilities was substantially extended to 3.9 years as at 31 March 2010 from 2.4 years as at 31 March 2009. Moreover, the facility maturity profile is more evenly spread. All of The Link REIT's borrowings are denominated or fully hedged into Hong Kong dollars.

Apart from refinancing, the Manager also actively manages the Group's interest rate exposure. The Group's fixed debt to total debt percentage was reduced from 79% as at 31 March 2009 to 69% as at 31 March 2010 in order to take advantage of the prolonged low market interest rate environment in the near term. In addition, the Group has entered into a total of HK$2.5 billion 3-month HIBOR to 1-month HIBOR basis swaps which match the fixing period of the syndicated loan and existing interest rate swaps with an additional average interest cost saving of approximately 0.14% per annum. Therefore, despite the higher credit interest margin of the new financing facilities concluded after the financial turmoil of September 2008, the overall average interest rate of The Link REIT's debt, after taking into account the interest rate hedging, only increased slightly to 4.30% as at 31 March 2010 (2009: 4.16%). Nonetheless, the average remaining life of the fixed interest rate period for debt facilities was lengthened from 3.3 years as at 31 March 2009 to 3.8 years as at 31 March 2010 in order to increase the Group's interest rate protection in the medium term.

For cash management, the Manager is focused on principal preservation to ensure flexibility to meet the operational needs. Deposits are placed with maturities that have been well planned to satisfy the financial commitments and working capital needs of The Link REIT. Counterparty exposure is limited by pre-defined deposit limits for all relationship banks, which are assigned based primarily on their respective credit ratings. Currently, all of The Link REIT's cash and cash equivalents are held in Hong Kong dollars under various banks with credit rating of no less than "A-" by Standard and Poor's or the equivalent.

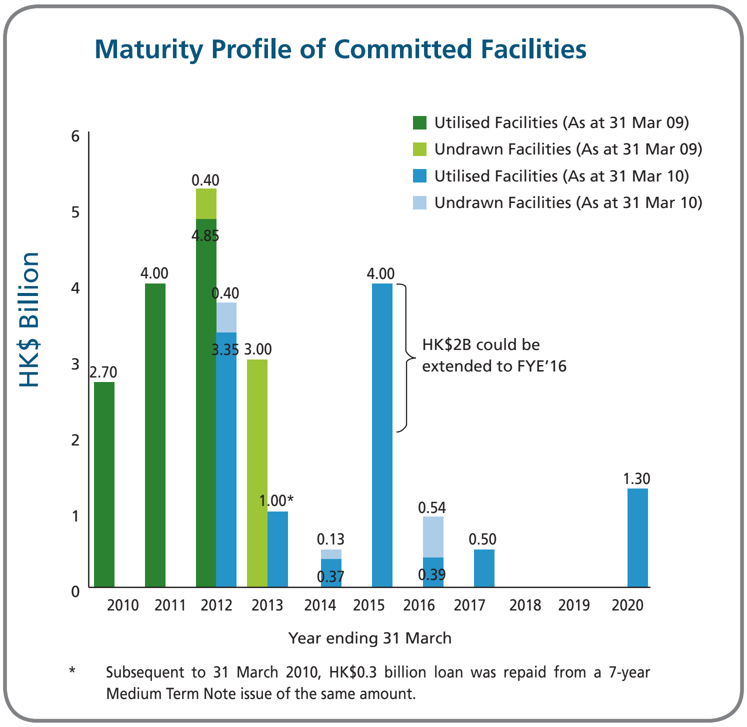
Debt Highlights

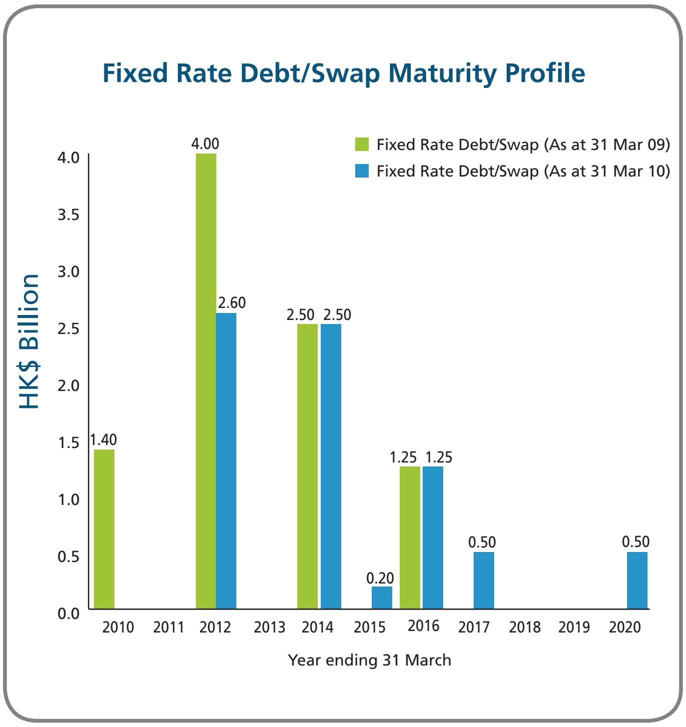
	As at 31 March 2010	As at 31 March 2009
Borrowings (face value)	**HK$10.91B**	HK$11.55B
Gearing (debt:total assets)	**18.4%**	23.7%
Average outstanding life of debt facilities	**3.9 years**	2.4 years
Proportion of liabilities at fixed rate (after swaps)	**69%**	79%
Average outstanding life of fixed rate debt/swaps	**3.8 years**	3.3 years
Effective interest rate	**4.30%**	4.16%

Committed Debt Facilities^

As at 31 March 2010 *(HK$'B)*	**Fixed Rate Debt***	**Floating Rate Debt***	**Utilised Facilities**	**Undrawn Facilities**	**Total Facilities**
HKMC Loan	3.75	0.25	4.00	—	4.00
2006 Syndicated Loan	3.00	0.10	3.10	0.40	3.50
2009 Club Loan	—	1.00	1.00	—	1.00
Bilateral Loans	—	1.01	1.01	0.67	1.68
Medium Term Note	0.80	1.00	1.80	—	1.80
Total	**7.55**	**3.36**	**10.91**	**1.07**	**11.98**
Percentage	**69%**	**31%**	**91%**	**9%**	**100%**

* after interest rate swaps
^ all amounts are at face value





Liquidity available as at 31 March 2010 includes standby committed bank facilities of HK$1.07 billion (2009: HK$0.70 billion) and cash on hand of HK$0.88 billion (2009: HK$1.23 billion).

The Link REIT enjoys strong credit ratings. Standard and Poor's affirmed A grade and stable outlook on 25 March 2010 while Moody's Investors Service affirmed A3 grade with stable outlook on 19 March 2010.

Financial Covenants

	Actual as at 31 March 2010	**Covenant**
EBITDA:interest expense	5.6:1	>2:1
Gearing (debt:total assets)	18.4%	<45%
Secured debt	HK$4B	<HK$7B
Unsecured debt:unencumbered properties	14.2%	<45%

Strategy

The Manager will continue to execute on providing quality retail facilities and services for the benefit of retailers, shoppers and the Hong Kong communities we serve. In managing The Link REIT's portfolio of properties, the Manager is striving for long term sustainable growth in income. As it drives to achieve growth in the business, the Manager will endeavour to serve the interests of all stakeholders namely retailers, shoppers, communities, staff, investors and debt holders.

The Manager has a four prong income growth strategy, comprising of driving revenue from stabilised retail properties, driving incremental revenue from completed asset enhancement initiatives, managing costs as part of improving the quality of services to The Link REIT's tenants and customers, and containing finance cost by better management of capital structure and finance risk. The Manager is focusing on driving growth from its retail properties with the thrust being to improve shopping environment and choice so as to capture spending predominantly from persons in the primary catchment areas of these properties.

While the size of The Link REIT's portfolio, which has over 11,400 leases spread out geographically across Hong Kong, makes management of the portfolio challenging, the Manager sees advantages in having size as it diversifies risks. The focus for driving growth and investing to upgrade properties in the portfolio will concentrate on the larger assets given they are the major contributors to revenue and valuation. The Manager sees good growth prospects for the retail properties and a somewhat weak outlook for car park assets.

Net property income margin has been rising, driven largely by strong income growth and supported by active management of costs. The Manager expects improvement in operating margin to continue. While focusing on managing costs, the Manager will ensure that adequate expenses are being allocated to improve maintenance, security and safety standards at its retail and car park properties, thereby raising property management standards at these properties. The Manager wants to build a business where growth can be sustained over the longer term and to support tenants trading well in quality retail facilities.

Portfolio Breakdown by Properties

Properties*	**Total revenue for year ended 31 March 2010**			**Total valuation as at 31 March 2010**			
			Cumulative			**Cumulative**	**WACR****
	(HK$'M)	*(%)*	*(%)*	*(HK$'M)*	*(%)*	*(%)*	*(%)*
1-10	1,155	23	23	14,531	27	27	6.16
11-50	2,117	42	65	22,836	42	69	6.72
51-100	1,231	25	90	12,163	23	92	7.01
101-180	487	10	100	4,251	8	100	7.84
Total	**4,990**	**100**		**53,781**	**100**		**6.73**

* Properties are ranked by revenue contribution

** WACR = Weighted Average Capitalisation Rate

Within the 151 properties with a retail component, the Manager has been driving growth across all the properties, particularly the larger ones. Larger properties generally achieve higher absolute rental levels and faster growth in rental rates than the smaller ones.

Portfolio Breakdown by Retail Properties

Retail Properties*	**Total IFA as at 31 March 2010**		**Cumulative**	**Average monthly unit rent per leased IFA as at 31 March 2010**	**Change in average monthly unit rent 31 March 2010 vs 31 March 2009**
	('M sq ft)	*(%)*	*(%)*	*(HK$ psf)*	*(%)*
1-10	1.9	17	17	44.9	7.1
11-50	4.7	43	60	32.0	8.6
51-100	3.4	31	91	23.6	2.6
101-151	1.0	9	100	18.5	12.7
Total	**11.0**	**100**		**30.6**	**7.7**

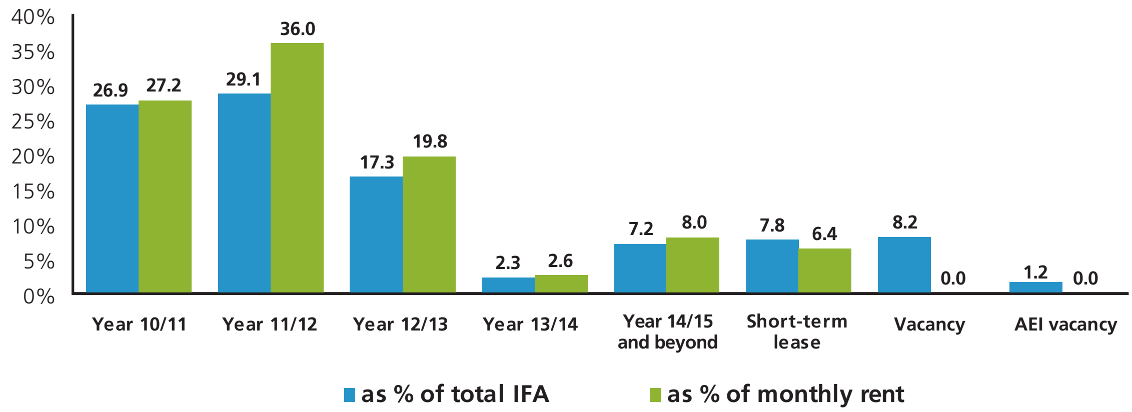
* Properties are ranked by retail revenue contribution

While average rents have been rising, turnover data of retailers in the portfolio suggests that the rent to sales ratio has remained relatively constant according to analysis by the Manager. The Manager believes that rental increases in its retail properties are sustainable as there has been improvement in tenant sales. Going forward, the Manager will continue to be vigilant in monitoring the rent to sales ratio of its tenants.

The typical lease in The Link REIT's retail properties is three years though some tenants may have three year leases with an option to renew for further three years typically at a rental rate that is subject to future negotiations. Given the size of the portfolio, lease expiries tend to be fairly evenly spread out. Compared with a year ago, there has been an increase in the proportion of leases with expiries beyond a three year time frame. The Manager is happy to have The Link REIT enter into longer term leases as this provides certainty on occupancy of space. From the tenants' perspective, where substantial investments are made to fit out premises, securing usage of premises for a longer period of time is preferred.

Proportion of leases expiring in the financial year ending 31 March 2011 is 26.9% by IFA and 27.2% by monthly rent. Based on the strength of demand for space in the portfolio and the resilience of sales for key trade categories, the Manager expects to fill up the space from expiring leases with either existing or new tenants.

Portfolio Lease Expiry Profile as at 31 March 2010



A key component of the Manager's efforts to offer a more relevant retail product to the mass market in Hong Kong is ongoing asset enhancement initiatives which the Manager has been actively implementing. Asset enhancement projects are led by a dedicated development team supported by a specialist project leasing team. Target initial return on investment after allowing some time for income to stabilise as measured by net income post-AEI versus net income pre-AEI over capital expenditure is 15%. Historically, completed AEI projects have generally met or exceeded these hurdle rates, including the six properties where AEIs were completed in this financial year. However, going forward, returns on investment for completed AEIs may not be as high as what has been achieved to date given that future AEIs are being carried out on properties where the Manager has already negotiated rental rate increases.

Asset enhancement initiatives are largely debt funded and the Manager is cognisant of not taking on excessive leverage at any point in time and having sufficient debt capacity to fund projects. The Manager actively manages risks associated with asset enhancement initiatives by pre-leasing a portion of the space, securing fixed price construction contracts, using research to test concepts and running rigorous financial analysis on the projects.

Looking ahead, the Manager is focused on executing ongoing projects and starting new projects that meet hurdle rate requirements. The Manager expects asset enhancements to be carried out at a pace that will not adversely impact DPU at any one point in time and to align its upgrading programme with upgrading and expansion plans of major retailers. The Manager has strengthened its project development and leasing resources dedicated to executing on asset enhancement initiatives so as to best mitigate risks from AEIs.

The Manager aims to achieve greater efficiency in roll out of AEIs as well as consistency in look and feel of completed AEIs while incorporating local characteristics of each property. Environmental considerations will also be taken into account during planning for new AEIs. When construction work is taking place at a property undergoing AEI, there is invariably disruption to business of retailers and the wider community, hence the Manager is focused on actively helping retailers through these periods of challenging trading conditions.

The Manager releases details of asset enhancement projects when internal funding and government approvals have been received. A key new project which the Manager has announced is its pilot asset enhancement of a fresh market, namely that of Tai Yuen Market. The Manager is expecting to spend HK$95 million on this fresh market asset enhancement. We will install air-conditioning to this market, change the layout, improve the design of the stalls, upgrade the drainage system and introduce a cooking demonstration area. The upgraded Tai Yuen Market is expected to retain the excitement of a market while providing a much cleaner and more dynamic shopping experience to shoppers. The Manager envisages raising the occupancy rate substantially at Tai Yuen Market after asset enhancement. Should the asset enhancement of Tai Yuen Market prove successful, we intend to rapidly roll out asset enhancements to other fresh markets in the portfolio and help rejuvenate this unique element of our portfolio for the communities of Hong Kong.

By the end of the financial year ending 31 March 2011, the Manager is planning to have completed asset enhancement works on 21 properties. Besides these 21 properties, the Manager is carrying out asset enhancement work on 2 properties and is undertaking planning work on 14 properties. For some properties that have undergone one round of asset enhancement work since IPO, the Manager still sees scope for further enhancement work to be carried out.

Besides carrying out asset enhancement works, actively improving tenant mix and raising occupancy levels at its retail properties, the Manager will continue to grow its income from mall merchandising activities which cover casual leasing and renting of kiosks and push-carts.

The Manager sees the move to direct management of all its retail properties effective 1 November 2009 as a key milestone. This seamless transition occurred with no job redundancies. Under direct management, all tenant interfacing staff are direct employees of the Manager while services such as security and cleaning continue to be outsourced. With this move, the Manager aims to improve interaction with retailers, increase accountability and responsiveness of centre management staff, and raise quality of property management.

The Manager is focused to improve cleanliness levels, maintenance standards and safety standards at its retail properties. With the move to direct management, there are immediate cost savings from efficiency gains. Over time, additional savings may be derived from more efficient operations for property management, security and cleaning plus better cost effectiveness in spending on repairs and maintenance. The Manager will continue to actively address costs at its retail properties by for example driving savings in utilities expenses from more energy efficiency initiatives. A key energy saving initiative which the Manager is continuing to roll out is the changing of air-conditioning chiller systems. Moreover, a building management system has been installed since last October which allows monitoring and control of electricity usage from one central location.

The Manager is also in the process of carrying out building inspection works on its properties and working through a programme whereby it will spend around HK$490 million in capital expenditures over several years to ensure its properties comply with the Fire Safety (Commercial Premises) Ordinance.

Management's Focus

To drive better returns for Unitholders, the Manager will look more broadly than simply the short term cash flow of the business. Improving customer relationships, human resource development, corporate image, communications and community relationships are priority areas. The Manager is in the process of rolling out balanced scorecards for its staff so that the team at The Link REIT can better deliver on its mission of being a recognised leader in providing quality retail facilities and services for the benefit of our retailers, shoppers, the communities, and the investors we serve, with a spirit of transparency and integrity. Management will actively step up training efforts to upgrade quality of service provided by staff at its retail properties as well as strengthen corporate governance and risk management within the Manager. As The Link REIT is a young business, the Manager is building a strong corporate culture to entrench solid long term foundations.

The Manager continues to review and refine its strategic growth plans. The Manager is developing strategies for its entire portfolio of assets including possibilities for The Link REIT to grow beyond its portfolio. The Manager will develop asset strategies for various districts so as to optimise competitiveness of its properties. The Manager is studying how best to grow inorganically taking into consideration factors such as returns, risks, repatriation of income, pipeline of assets, capital deployed, integration with existing systems, human resources and skill sets. Acquisitions are not at the top of The Link REIT's agenda today given there are still many growth levers to drive both at the revenue and at the cost lines from the existing portfolio of assets. However, the Manager should assess the benefits of growth aspirations for The Link REIT beyond the existing assets and wants to effectively position The Link REIT for such a stage in its business growth.

Outlook

The Manager will continue to drive revenue growth, primarily from the retail properties, in the financial year ending 31 March 2011. Growth in rental income for the retail properties will be achieved through ongoing efforts to actively improve tenant mix, complete asset enhancement initiatives, drive up occupancy rate and raise rents at stable centres. Asset enhancement works at Lok Fu Plaza will be completed in phases during 2010 which will contribute to revenue and income growth albeit this will have a greater impact in the financial year ending 31 March 2012. Positive rental reversion and higher occupancy levels achieved in retail properties coupled with completion of asset enhancement projects in the financial year ended 31 March 2010 will help drive revenue and income increases in the financial year ending 31 March 2011.

With improving economic conditions in Hong Kong and the focus of our retail properties on consumer staples, the Manager is confident that through successful execution of its existing business strategies, it will deliver good revenue growth from retail properties. Revenue from car parks should be fairly stable given the high proportion that is derived from monthly users, however, there could be a slight reduction in monthly parking income resulting from the application of more stringent criteria on who can lease monthly parking space.

While driving revenue, the Manager will continue to actively address costs. Efforts to improve energy efficiency at the retail properties is ongoing and such efforts will mitigate the 2.6% electricity tariff increase for users in Kowloon and the New Territories, which took effect on 1 January 2010. The Manager is focused on improving the quality of its building management in a cost effective manner. The Manager expects to achieve savings in property management and repairs and maintenance arising from the move to direct management in November 2009 as a result of greater efficiency in carrying out such tasks. Through growing revenue and managing costs, the Manager is confident of delivering further growth in distributable income in the financial year ending 31 March 2011.

APPRECIATION

The Board would like to offer sincere thanks to our management and staff, whose professionalism and dedication are critical to our success.

On 26 August 2009, the five year Co-operation Agreement between CapitaLand and the Manager, under which CapitaLand provided consultancy and management advisory services on funds, portfolio, asset and property management to the Manager, expired. CapitaLand and the Manager amicably decided not to extend the strategic partnership, but continue to look forward to future collaboration. The Board would like to express its gratitude to CapitaLand and its supporting management team for their valuable contribution to the Manager, the Board and the relevant sub-committees.

With effect from 18 June 2009, Mr John HO Chi On resigned as a Non-Executive Director, a member of the Finance and Investment Committee and a member of the Human Resources and Compensation Committee of the Manager due to his business and other commitments. Mr KEE Teck Koon, a director nominated by CapitaLand, resigned as Non-Executive Director of the Manager, a member of the Finance and Investment Committee and a member of the Human Resources and Compensation Committee of the Manager with effect from 1 August 2009 due to his retirement from CapitaLand. Mr LIM Beng Chee, a director nominated by CapitaLand, resigned as a Non-Executive Director of the Manager with effect from 27 August 2009 due to the expiry of the Co-operation Agreement with CapitaLand. The Board would like to take this opportunity to express its deepest appreciation to Mr Ho, Mr Kee, and Mr Lim for their valuable contributions to the Manager and The Link REIT during their tenure of office.

The Board would also like to extend its warmest welcome to its new members: Mr David Charles WATT and Mr William CHAN Chak Cheung. Mr Watt was appointed as an Independent Non-Executive Director of the Manager with effect from 14 August 2009 and a member of the Finance and Investment Committee and Remuneration Committee with effect from 5 November 2009. Mr Chan was appointed as an Independent Non-Executive Director and a member of the Audit Committee of the Manager with effect from 1 October 2009 and subsequently as Chairman of the Audit Committee with effect from 12 January 2010. Mr Chan was also appointed as a member of the Remuneration Committee with effect from 5 November 2009. The Board thanks Dr Patrick Fung who stepped down from the Audit Committee where he was Chairman and became Chairman of the Remuneration Committee.

On 11 March 2010, the Board announced the Chief Executive Officer succession arrangements. It is with disappointment that the Board bids farewell to Mr Ian David Murray ROBINS, who stepped down as CEO on 17 May 2010 and will leave the Manager on 30 June 2010. With effect from 17 May 2010, Mr Robins also ceased to be an Executive Director, a member of the Finance and Investment Committee, a member of the Nomination Committee and a member of the Human Resources and Compensation Committee of the Manager. Mr Robins indicated his intention not to seek an extension to his three year contract, which expires in November 2010. Mr Robins has brought tremendous passion to the business and done a great job in driving change within our platform and delivering outstanding risk adjusted returns to Unitholders. The Board wishes Mr Robins well in his future endeavours and welcomes Mr George Kwok Lung HONGCHOY who became CEO on 17 May 2010. Mr Hongchoy was also appointed as a member of the Nomination Committee and the Human Resources and Compensation Committee with effect from 17 May 2010. The Board looks forward to Mr Hongchoy building on the legacy Mr Robins has developed to date.

On 7 May 2010, the Board announced the Chief Financial Officer succession arrangements. Mr Andy CHEUNG Lee Ming will be appointed as the CFO and a member of the Finance and Investment Committee of the Manager with effect from 28 June 2010. Mr Cheung will also be appointed as Executive Director upon satisfying the requirements of the Securities and Futures Commission.

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

During the financial year ended 31 March 2010, neither the Manager nor any of the subsidiaries of The Link REIT purchased, sold or redeemed any of The Link REIT's listed units other than as part of the distribution reinvestment scheme.

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.

During the financial year ended 31 March 2010, both the Manager and The Link REIT have complied with the provisions of the REIT Code, the relevant provisions of the Securities and Futures Ordinance, the relevant sections of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") applicable to The Link REIT, the Trust Deed, and the corporate governance requirements laid down in the compliance manual of the Manager adopted for use in relation to the management of The Link REIT. 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.

INVESTOR RELATIONS

In promoting good corporate governance and transparency, The Link REIT has continuously communicated with both the stakeholders and Unitholders during the year under review. 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 practices that are adopted by the Manager and The Link REIT will be set out in The Link REIT's 2010 Annual Report.

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 of the 180 properties to The Link REIT shall be reported in the annual report and the results announcement of The Link REIT for the financial year ended 31 March 2010. As at 2 June 2010, there are 156 properties with both legal and beneficial title held by The Link REIT and 24 properties with beneficial title held by The Link REIT.

In respect of Ma Hang Estate, the Manager is finalising the legal transfer from Hong Kong Housing Authority and the Manager may be unable to take up the assignment of the property prior to end of July 2010. The Manager will issue further announcement on the date of the completion of assignment of Ma Hang Estate if there shall be any delay beyond end of July 2010.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the distribution for the financial year ended 31 March 2010 will be 22 June 2010. For the purpose of the distribution, the register of Unitholders of The Link REIT will be closed from 18 June 2010 to 22 June 2010, both dates 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 (the "**Unit Registrar**") at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on 17 June 2010. The distribution will be paid to the Unitholders on or about 4 August 2010.

For the purpose of the annual general meeting, the register of Unitholders of The Link REIT will be closed from 23 July 2010 to 28 July 2010, both dates inclusive. In order to be eligible to attend and vote at the annual general meeting, all transfers, accompanied by the relevant unit certificates, must be lodged with the Unit Registrar at its address mentioned above for registration no later than 4:30 pm on 22 July 2010.

DISTRIBUTION REINVESTMENT SCHEME

An announcement explaining further information of the distribution reinvestment scheme will be released on or about 22 June 2010 and a circular containing the details together with the relevant election form or entitlement advice will be sent to the Unitholders on or about 29 June 2010.

ISSUANCE OF ANNUAL REPORT

The annual report 2010 will be published and sent to the Unitholders on or about 25 June 2010.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of The Link REIT be held on 28 July 2010. Notice of the annual general meeting will be published and issued to the 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)
Nicholas Robert SALLNOW-SMITH
Chairman

Hong Kong, 2 June 2010

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 Director
George Kwok Lung HONGCHOY *(Chief Executive Officer and Acting Chief Financial Officer)*

Non-Executive Director
Ian Keith GRIFFITHS

Independent Non-Executive Directors
Michael Ian ARNOLD
William CHAN Chak Cheung
Anthony CHOW Wing Kin
Patrick FUNG Yuk Bun
Stanley KO Kam Chuen
David Charles WATT
Richard WONG Yue Chim
Allan ZEMAN