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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

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 2011.

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2011, after review by the audit committee of the Manager (“Audit Committee”), were approved by the Board on 9 November 2011.

Revenue and net property income grew 10.1% and 15.6% year-on-year to HK\$2,887 million (six months ended 30 September 2010: HK\$2,621 million) and HK\$2,041 million (six months ended 30 September 2010: HK\$1,765 million), respectively, for the six months ended 30 September 2011. Distributable income rose 21.2% for the six months ended 30 September 2011 to HK\$1,420 million (six months ended 30 September 2010: HK\$1,172 million), while interim distribution per unit increased by 19.4% year-on-year to HK63.11 cents (six months ended 30 September 2010: HK52.86 cents).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

	<i>Note</i>	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M (Restated)
Revenues	4	2,887	2,621
Property operating expenses	6	(846)	(856)
Net property income		2,041	1,765
General and administrative expenses		(147)	(80)
Change in fair values of investment properties		3,272	3,259
Operating profit	7	5,166	4,944
Interest income		11	1
Finance costs on interest bearing liabilities	8	(197)	(271)
Profit before taxation and transactions with Unitholders		4,980	4,674
Taxation	10	(288)	(236)
Profit for the period, before transactions with Unitholders <i>(Note (i))</i>	11	4,692	4,438
Distributions paid to Unitholders <i>(Note (ii))</i>		(1,286)	(1,079)
		3,406	3,359
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units		3,373	3,317
Amount arising from cash flow hedging reserve movement	21	33	42
		3,406	3,359

Notes:

- (i) Earnings per unit, based upon profit after taxation and before transactions with unitholders of The Link REIT (“Unitholders”) and the weighted average number of units in issue, is set out in Note 11 to the condensed consolidated interim financial information.
- (ii) This represents the final distribution of HK\$1,286 million for the year ended 31 March 2011 (2010: HK\$1,079 million) paid during the period.
- (iii) Total Distributable Income (as defined in the Trust Deed constituting The Link REIT) for the six months ended 30 September 2011 is determined in the consolidated statement of distributions. The interim distribution declared in respect of this financial period as set out in the consolidated statement of distributions will be paid to Unitholders on or about 13 January 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	<i>Note</i>	Before transactions with Unitholders (Unaudited) HK\$'M	Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M	After transactions with Unitholders (Unaudited) HK\$'M
Six months ended 30 September 2011				
Profit for the period		4,692	(4,659)	33
Other comprehensive loss				
Cash flow hedging reserve		(33)	–	(33)
Total comprehensive income for the period	<i>(ii)</i>	4,659	(4,659)	–
	<i>Note</i>	Before transactions with Unitholders (Unaudited) HK\$'M (Restated)	Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M (Restated)	After transactions with Unitholders (Unaudited) HK\$'M
Six months ended 30 September 2010				
Profit for the period		4,438	(4,396)	42
Other comprehensive loss				
Cash flow hedging reserve		(42)	–	(42)
Total comprehensive income for the period	<i>(ii)</i>	4,396	(4,396)	–

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$1,286 million (2010: HK\$1,079 million) and change in net assets attributable to Unitholders, excluding issues of new units, of HK\$3,373 million (2010: HK\$3,317 million, as restated).
- (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 period. Accordingly, the units contain contractual obligations of the trust to pay cash distributions. 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 six months ended 30 September 2011

	<i>Note</i>	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M (Restated)
Profit for the period, before transactions with Unitholders		4,692	4,438
Adjustments:			
Change in fair values of investment properties		(3,272)	(3,259)
Other non-cash income		–	(7)
Total Distributable Income (Note (i))		1,420	1,172
Interim distribution for the period, to be paid to the Unitholders (Note (ii))		1,420	1,172
As a percentage of Total Distributable Income		100%	100%
Units in issue as at 30 September	20	2,249,540,808	2,217,446,050
Distribution per unit to Unitholders for the period (Note (iii))		HK63.11 cents	HK52.86 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 period, before transactions with Unitholders) adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the condensed consolidated income statement for the relevant period.
- (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 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 has decided to distribute 100% of Total Distributable Income as the distribution for the six months ended 30 September 2011 (2010: 100%). The interim distribution will be paid to Unitholders on or about 13 January 2012.
- (iii) The interim distribution per unit of HK63.11 cents for the six months ended 30 September 2011 is calculated based on the interim distribution of HK\$1,420 million for the period and 2,249,540,808 units in issue as at 30 September 2011. The interim distribution per unit of HK52.86 cents for the six months ended 30 September 2010 was calculated based on the interim distribution of HK\$1,172 million for the period and 2,217,446,050 units in issue as at 30 September 2010.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	<i>Note</i>	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Non-current assets			
Goodwill		321	281
Investment properties	12	72,096	67,318
Property, plant and equipment	13	73	76
Derivative financial instruments	19	148	34
		<u>72,638</u>	<u>67,709</u>
Current assets			
Trade and other receivables	14	153	159
Deposits and prepayments		41	32
Short-term bank deposits	15	1,061	155
Cash and cash equivalents	15	1,075	699
		<u>2,330</u>	<u>1,045</u>
Total assets		<u>74,968</u>	<u>68,754</u>
Current liabilities			
Trade payables, receipts in advance and accruals	16	890	1,026
Security deposits		824	739
Provision for taxation		268	139
Current portion of long-term incentive plan provision	17	34	38
Interest bearing liabilities	18	1,850	2,598
Derivative financial instruments	19	5	37
		<u>3,871</u>	<u>4,577</u>
Net current liabilities		<u>1,541</u>	<u>3,532</u>
Total assets less current liabilities		<u>71,097</u>	<u>64,177</u>
Non-current liabilities, excluding net assets attributable to Unitholders			
Long-term incentive plan provision	17	14	29
Interest bearing liabilities	18	10,704	7,782
Derivative financial instruments	19	420	332
Deferred tax liabilities		1,152	1,059
		<u>12,290</u>	<u>9,202</u>
Total liabilities, excluding net assets attributable to Unitholders		<u>16,161</u>	<u>13,779</u>
Net assets attributable to Unitholders		<u>58,807</u>	<u>54,975</u>
Units in issue	20	<u>2,249,540,808</u>	<u>2,232,284,540</u>
Net assets per unit attributable to Unitholders		<u>HK\$26.14</u>	<u>HK\$24.63</u>

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

For the six months ended 30 September 2011

	<i>Note</i>	Total equity (Unaudited) HK\$'M	Net assets attributable to Unitholders (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Net assets attributable to Unitholders at 1 April 2011		–	54,975	54,975
Issuance of units				
under distribution reinvestment scheme		–	420	420
under long-term incentive plan		–	39	39
Profit for the period ended 30 September 2011, before transactions with Unitholders		–	4,692	4,692
Distributions paid to Unitholders 2011 final distribution		–	(1,286)	(1,286)
Change in fair values of cash flow hedges	21	(139)	–	(139)
Amount transferred to the condensed consolidated income statement	21	106	–	106
Amount arising from cash flow hedging reserve movement	21	33	(33)	–
Change in net assets attributable to Unitholders for the period ended 30 September 2011, excluding issues of new units		–	3,373	3,373
Net assets attributable to Unitholders at 30 September 2011		–	58,807	58,807
Net assets attributable to Unitholders at 1 April 2010		–	38,444	38,444
Prior year adjustments in respect of changes in accounting policy		–	2,701	2,701
Net assets attributable to Unitholders at 1 April 2010, as restated		–	41,145	41,145
Issuance of units				
under distribution reinvestment scheme		–	268	268
under long-term incentive plan		–	36	36
Profit for the period ended 30 September 2010, before transactions with Unitholders, as restated		–	4,438	4,438
Distributions paid to Unitholders 2010 final distribution		–	(1,079)	(1,079)
Change in fair values of cash flow hedges		(218)	–	(218)
Amount transferred to the condensed consolidated income statement		176	–	176
Amount arising from cash flow hedging reserve movement		42	(42)	–
Change in net assets attributable to Unitholders for the period ended 30 September 2010, excluding issues of new units, as restated		–	3,317	3,317
Net assets attributable to Unitholders at 30 September 2010, as restated		–	44,766	44,766

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	<i>Note</i>	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Operating activities			
Net cash generated from operating activities		1,849	1,627
Investing activities			
Acquisition of Nan Fung Plaza	22	(1,170)	–
Additions to investment properties		(406)	(297)
Additions to property, plant and equipment		(10)	(3)
Proceeds from disposal of property, plant and equipment		–	1
Interest income received		9	1
(Increase)/decrease in short-term bank deposits with original maturity of more than three months		(906)	243
Net cash used in investing activities		(2,483)	(55)
Financing activities			
Proceeds from interest bearing liabilities, net of transaction costs		6,597	2,492
Repayment of interest bearing liabilities		(4,520)	(2,730)
Interest expenses paid on interest bearing liabilities		(201)	(249)
Distributions paid to Unitholders		(866)	(811)
Net cash generated from/(used in) financing activities		1,010	(1,298)
Net increase in cash and cash equivalents		376	274
Cash and cash equivalents at 1 April		699	633
Cash and cash equivalents at 30 September		1,075	907

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Corporate information

The Link Real Estate Investment Trust is a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Link REIT is governed by a 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, the Sixth Supplemental Deed dated 23 July 2007, the Seventh Supplemental Deed dated 5 October 2009 and the Eighth Supplemental Deed dated 23 July 2010) (together the “Trust Deed”).

The principal activity of The Link REIT and its subsidiaries (the “Group”) is investment in retail properties and car park operations in Hong Kong. The addresses of the registered offices of the Manager, The Link Management Limited, and the trustee of The Link REIT, HSBC Institutional Trust Services (Asia) Limited, are 33/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong and 1 Queen’s Road Central, Hong Kong, respectively.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2011 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2011.

As at 30 September 2011, the Group’s current liabilities exceeded its current assets by HK\$1,541 million. Taking into account the unutilised committed bank loan facilities of HK\$2,310 million, the Group considers that its liquidity and financial position as a whole is healthy and it has a reasonable expectation that the Group has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the condensed consolidated interim financial information.

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 2011, except for the adoption of the following new standards, amendments and interpretations issued by the HKICPA which became effective for the six months ended 30 September 2011.

HKFRS 1 Amendment	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 Amendment	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	

The adoption of these new standards, amendments and interpretations has not had any significant effect on the accounting policies or results and financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

3 Accounting policies (continued)

Early adoption of amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”

The HKICPA issued the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” in December 2010, effective for annual periods beginning on or after 1 January 2012 with early adoption permitted. The amendments require deferred tax on an investment property, carried under the fair value model in HKAS 40, to be measured presuming that an investment property is recovered through sale.

The Group had early adopted these amendments retrospectively for the year ended 31 March 2011 and certain comparative figures in the condensed consolidated interim financial information for the period ended 30 September 2010 have been restated to reflect the change in accounting policy. The effects of adoption are summarised below:

(i) On the condensed consolidated income statement for the period ended 30 September 2010

	HK\$'M
Decrease in taxation	(538)
Increase in profit for the period, before transactions with Unitholders	538
Increase in net assets attributable to Unitholders	538
Increase in earnings per unit, basic and diluted	HK\$0.24

(ii) The effects of adopting the amendments to HKAS12 on the consolidated statement of financial position as at 31 March 2011 were disclosed in Note 2(c) to the audited consolidated financial statements for the year ended 31 March 2011.

The following new standards, amendments and interpretations, which have been published but are not yet effective, have not been early adopted in the condensed consolidated interim financial information. These are effective for the Group’s accounting periods beginning on or after 1 April 2012.

HKAS 1 (Revised) Amendment	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKFRS 1 Amendments	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ³
HKFRS 7 Amendments	Disclosures – Transfers of Financial Assets ³
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ effective for accounting periods beginning on or after 1 July 2012

² effective for accounting periods beginning on or after 1 January 2013

³ effective for accounting periods beginning on or after 1 July 2011

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

3 Accounting policies (continued)

The Group is in the process of making an assessment of the impact of these new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) upon initial application. 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 2011 (Unaudited) HK\$’M	Six months ended 30 September 2010 (Unaudited) HK\$’M
Rental income from retail properties	2,162	1,967
Gross rental revenue from car parks	569	510
	<u>2,731</u>	<u>2,477</u>
Other revenues		
Air conditioning service fees	143	136
Other property related income	13	8
	<u>156</u>	<u>144</u>
Total revenues	<u>2,887</u>	<u>2,621</u>

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$56 million (2010: HK\$38 million) and had been included in the rental income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

5 Segment information

	Retail properties HK\$'M	Car parks HK\$'M	Head office HK\$'M	Total HK\$'M
For the six months ended				
30 September 2011 (Unaudited)				
Revenues	2,317	570	–	2,887
Segment results	1,642	399	(147)	1,894
Change in fair values of investment properties	2,577	695	–	3,272
Interest income				11
Finance costs on interest bearing liabilities				(197)
Profit before taxation and transactions with Unitholders				4,980
Taxation				(288)
Profit for the period, before transactions with Unitholders				4,692
Capital expenditure	1,486	20	10	1,516
Depreciation	–	–	(13)	(13)
As at 30 September 2011 (Unaudited)				
Segment assets	61,709	10,555	99	72,363
Goodwill				321
Derivative financial instruments				148
Short-term bank deposits				1,061
Cash and cash equivalents				1,075
Total assets				74,968
Segment liabilities	1,403	114	197	1,714
Provision for taxation				268
Long-term incentive plan provision				48
Interest bearing liabilities				12,554
Derivative financial instruments				425
Deferred tax liabilities				1,152
Total liabilities, excluding net assets attributable to Unitholders				16,161
Net assets attributable to Unitholders				58,807

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

5 Segment information (continued)

	Retail properties HK\$'M	Car parks HK\$'M	Head office HK\$'M	Total HK\$'M (Restated)
For the six months ended 30 September 2010 (Unaudited)				
Revenues	<u>2,111</u>	<u>510</u>	<u>–</u>	<u>2,621</u>
Segment results	1,472	293	(80)	1,685
Change in fair values of investment properties	2,738	521	–	3,259
Interest income				1
Finance costs on interest bearing liabilities				(271)
Profit before taxation and transactions with Unitholders				4,674
Taxation				(236)
Profit for the period, before transactions with Unitholders				<u>4,438</u>
Capital expenditure	286	11	3	300
Depreciation	<u>–</u>	<u>–</u>	<u>(9)</u>	<u>(9)</u>
As at 31 March 2011 (Audited)				
Segment assets	57,650	9,838	97	67,585
Goodwill				281
Derivative financial instruments				34
Short-term bank deposits				155
Cash and cash equivalents				699
Total assets				<u>68,754</u>
Segment liabilities	1,347	199	219	1,765
Provision for taxation				139
Long-term incentive plan provision				67
Interest bearing liabilities				10,380
Derivative financial instruments				369
Deferred tax liabilities				1,059
Total liabilities, excluding net assets attributable to Unitholders				<u>13,779</u>
Net assets attributable to Unitholders				<u>54,975</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

6 Property operating expenses

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	251	212
Staff costs (Note 9)	129	123
Government rent and rates	87	78
Repair and maintenance	103	116
Utilities	182	182
Promotion and marketing expenses	39	39
Estate common area costs	51	49
Other property operating expenses	4	57
	<u>846</u>	<u>856</u>

7 Operating profit before finance costs, taxation and transactions with Unitholders

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Operating profit before finance costs, taxation and transactions with Unitholders is stated after charging:		
Staff costs (Note 9)	188	174
Depreciation of property, plant and equipment	13	9
Trustee's fee	3	2
Valuation fee	1	1
Auditor's remuneration	2	2
Bank charges	2	2
Operating lease charges	6	6
Other legal and professional fees	4	6
Commission to property agents	12	–
	<u>12</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

8 Finance costs on interest bearing liabilities

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities wholly repayable within five years	66	58
Interest expenses on interest bearing liabilities wholly repayable beyond five years	51	43
Other borrowing costs (<i>Note</i>)	93	185
	<u>210</u>	<u>286</u>
Less: capitalised under investment properties	(13)	(15)
	<u>197</u>	<u>271</u>

Note: Other borrowing costs include HK\$106 million (2010: HK\$176 million) net losses on interest rate swaps designated as cash flow hedges, HK\$22 million (2010: HK\$15 million) net gains on interest rate swaps and cross currency swaps designated as fair value hedges and various banking and financing charges.

9 Staff costs

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Wages and salaries	183	163
Contributions to mandatory provident fund scheme	4	4
Long-term incentive plan awards (<i>Note 17</i>)	23	27
	<u>210</u>	<u>194</u>
Less: capitalised under investment properties	(22)	(20)
	<u>188</u>	<u>174</u>

Staff costs can be further analysed as below:

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Included under property operating expenses (<i>Note 6</i>)	129	123
Included under general and administrative expenses	59	51
	<u>188</u>	<u>174</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

10 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

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

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M (Restated)
Current taxation	195	154
Deferred taxation		
–Accelerated depreciation allowances	93	82
Taxation	288	236

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

	Six months ended 30 September 2011 (Unaudited)	Six months ended 30 September 2010 (Unaudited) (Restated)
Profit after taxation and before transactions with Unitholders	HK\$4,692 million	HK\$4,438 million
Weighted average number of units for the period for calculating basic earnings per unit	2,238,682,214	2,207,118,833
Adjustment for dilutive contingently issuable units under long-term incentive plan	1,921,518	2,059,471
Weighted average number of units for the period for calculating diluted earnings per unit	2,240,603,732	2,209,178,304
Basic earnings per unit based upon profit after taxation and before transactions with Unitholders	HK\$2.10	HK\$2.01
Diluted earnings per unit based upon profit after taxation and before transactions with Unitholders	HK\$2.09	HK\$2.01

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

12 Investment properties

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

	Retail properties (Unaudited) HK\$'M	Car parks (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2011	57,510	9,808	67,318
Acquisition of Nan Fung Plaza (<i>Note 22</i>)	1,130	–	1,130
Additions	356	20	376
Change in fair values	2,577	695	3,272
	<hr/>	<hr/>	<hr/>
At 30 September 2011	61,573	10,523	72,096
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(b) Government leases

The properties included as investment properties on the condensed consolidated statement of financial position comprise properties where the Group has legal title under government leases for a fixed number of years (with renewal rights in one case). As at 30 September 2011, the remaining lease periods range from 32 to 49 years (31 March 2011: 32 to 49 years).

(c) Fair values

The investment properties were revalued on an open market value basis as at 31 March and 30 September 2011 by Jones Lang LaSalle Limited, an independent firm of professional qualified valuers and the principal valuer of The Link REIT.

(d) Restriction of the Code on Real Estate Investment Trusts (the “REIT Code”)

The commercial portion of the Nan Fung Plaza was acquired on 11 July 2011 and in accordance with the REIT Code, The Link REIT is prohibited from disposing of its property for at least two years from the time such property is acquired, unless the Unitholders have passed a special resolution consenting to the proposed disposal.

(e) Security for the Group’s loan facilities

As at 30 September 2011, certain of the Group’s investment properties, amounting to approximately HK\$7.2 billion (31 March 2011: HK\$6.9 billion), were pledged to secure the loan from The Hong Kong Mortgage Corporation Limited (“HKMC”). No property was pledged to secure any bank loan or medium term note.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

13 Property, plant and equipment

	Leasehold improvements (Unaudited) HK\$'M	Motor vehicles (Unaudited) HK\$'M	Equipment (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2011	35	4	37	76
Additions	3	–	7	10
Depreciation charge for the period	(8)	(1)	(4)	(13)
At 30 September 2011	30	3	40	73
At 30 September 2011				
Cost	65	4	89	158
Accumulated depreciation	(35)	(1)	(49)	(85)
Net book value	30	3	40	73

14 Trade and other receivables

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Trade receivables	51	55
Less: provision for impairment of trade receivables	(2)	(4)
Trade receivables-net	49	51
Other receivables	104	108
	153	159

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

14 Trade and other receivables (continued)

The ageing analysis of trade receivables is as follows:

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
0 – 30 days	48	48
31 – 90 days	2	4
Over 90 days	1	3
	<u>51</u>	<u>55</u>

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

15 Cash and cash equivalents and short-term bank deposits

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Cash in hand	1	1
Cash at bank	26	36
Short-term bank deposits with original maturity of less than three months	1,048	662
	<u>1,075</u>	<u>699</u>
Cash and cash equivalents	1,075	699
Short-term bank deposits with original maturity of more than three months	1,061	155
	<u>2,136</u>	<u>854</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

16 Trade payables, receipts in advance and accruals

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Trade payables	77	75
Receipts in advance	99	123
Accruals	714	828
	<u>890</u>	<u>1,026</u>

The ageing analysis of trade payables is as follows:

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
0 – 30 days	45	60
31 – 90 days	31	14
Over 90 days	1	1
	<u>77</u>	<u>75</u>

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

17 Long-term incentive plan provision

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Long-term incentive plan provision	48	67
Less: current portion of long-term incentive plan provision	(34)	(38)
	<u>14</u>	<u>29</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

17 Long-term incentive plan provision (continued)

A long-term incentive plan (the “Plan”) was approved and adopted by 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 directors and key employees of the Manager. Awards are approved by the Human Resources and Compensation Committee and, in the case of directors of the Manager, by the Board on recommendation of Remuneration Committee. No Unit Option has been granted since the adoption date.

Upon the vesting of RUA, units are to be issued to the grantees on a sliding scale, depending on the scale of achievement against the total Unitholders return (“TUR”) or net property income (“NPI”), where appropriate, providing that the minimum criteria for the performance measure determined by the Human Resources and Compensation Committee has been met.

During the period, certain directors and employees of the Manager were granted the RUA and CCA at nil monetary consideration. The RUA granted under the Plan, in general, will vest approximately two to three years from the date of grant.

The eventual numbers of units to be issued under the RUA on vesting, which are linked to the performance of The Link REIT based on the TUR, NPI and/or certain vesting conditions, where appropriate, will range from 0% to 300% of the RUA 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 issued to such grantee pursuant to RUA 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 reporting date. The fair value of the Awards was estimated at the reporting date by Towers Watson Hong Kong Limited, an independent external valuer based on valuation techniques and assumptions on unit prices, lives of the Awards and distribution pay-out rates. The change in fair value of the outstanding Awards was charged to the condensed consolidated income statement. In the event that the vesting conditions are not met, the amount previously accrued will be written back accordingly.

During the period, the Group issued 1,428,778 units for RUAs vested under the Plan.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

17 Long-term incentive plan provision (continued)

Movements in the number of RUA during the period and the maximum number of units to be issued upon vesting of RUA are as follows:

Date of grant	Vesting period	Outstanding as at 1 April 2011	Granted during the period	Vested during the period ⁽ⁱ⁾	Lapsed during the period	Outstanding as at 30 September 2011	Maximum to be issued on vesting date ⁽ⁱⁱ⁾
5 May 2008	5 May 2008 to 4 May 2011	117,150	–	(114,778)	(2,372)	–	–
	5 May 2008 to 4 May 2012	117,150	–	–	–	117,150	273,240
16 January 2009	16 January 2009 to 15 January 2012	140,515	–	–	–	140,515	140,515
13 February 2009	13 February 2009 to 30 June 2011	322,500	–	(321,500) ⁽ⁱⁱⁱ⁾	(1,000)	–	–
24 September 2009	24 September 2009 to 30 June 2011	335,500	–	(335,500) ⁽ⁱⁱⁱ⁾	–	–	–
	24 September 2009 to 30 June 2012	335,500	–	–	(39,503)	295,997	591,994
12 November 2010	12 November 2010 to 30 June 2012	633,000	–	–	(30,504)	602,496	1,204,992
	12 November 2010 to 30 June 2013	633,000	–	–	(32,210)	600,790	1,201,580
23 September 2011	23 September 2011 to 30 June 2013	–	618,750	–	–	618,750	1,237,500
	23 September 2011 to 30 June 2014	–	618,750	–	–	618,750	1,237,500
Subtotal		2,634,315	1,237,500	(771,778)	(105,589)	2,994,448	5,887,321
Additional units vested over 100% of the RUA granted		–	–	(657,000) ⁽ⁱⁱⁱ⁾	–	–	–
Total		<u>2,634,315</u>	<u>1,237,500</u>	<u>(1,428,778)</u>	<u>(105,589)</u>	<u>2,994,448</u>	<u>5,887,321</u>

Notes:

(i) RUA vesting percentages during the period ranged from 98% to 200%.

(ii) If certain vesting conditions are met.

(iii) Additional units over 100% of the RUA granted were vested pursuant to the relevant vesting conditions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

18 Interest bearing liabilities

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Bank borrowings	4,855	4,268
HKMC loan (secured)	4,000	4,000
Medium term notes	3,699	2,112
	<u>12,554</u>	<u>10,380</u>
Less: current portion of interest bearing liabilities	(1,850)	(2,598)
Non-current portion of interest bearing liabilities	<u>10,704</u>	<u>7,782</u>

Interest bearing liabilities are repayable as follows:

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Due in the first year		
Bank borrowings	1,850	2,598
Due in the second year		
HKMC loan (secured)	1,000	–
Bank borrowings	665	–
	<u>1,665</u>	–
Due in the third year		
HKMC loan (secured)	2,000	1,000
Bank borrowings	–	664
	<u>2,000</u>	<u>1,664</u>
Due in the fourth year		
HKMC loan (secured)	1,000	2,000
Bank borrowings	607	–
	<u>1,607</u>	<u>2,000</u>
Due in the fifth year		
Bank borrowings	1,733	1,006
HKMC loan (secured)	–	1,000
Medium term notes	186	–
	<u>1,919</u>	<u>2,006</u>
Due beyond the fifth year		
Medium term notes	3,513	2,112
	<u>12,554</u>	<u>10,380</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

18 Interest bearing liabilities (continued)

Notes:

- (i) Except for a bank loan of HK\$416 million (31 March 2011: HK\$415 million) which is denominated in New Zealand Dollars and medium term notes of HK\$186 million (31 March 2011: Nil) which is denominated in Australian Dollars, all the other interest bearing liabilities are denominated in Hong Kong Dollars.
- (ii) The effective interest rate of the interest bearing liabilities (taking into account interest rate swap contracts and cross currency swap contracts) at the reporting date was 3.45% (31 March 2011: 3.72%). The carrying amounts of the interest bearing liabilities approximate their fair values.

19 Derivative financial instruments

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Derivative assets		
Non-current item		
Designated as cash flow hedge – interest rate swaps	1	–
Designated as fair value hedge		
– interest rate swaps	131	19
– cross currency swaps	16	15
	<u>148</u>	<u>34</u>
Derivative liabilities		
Current item		
Designated as cash flow hedge – interest rate swaps	(5)	(37)
Non-current item		
Designated as cash flow hedge – interest rate swaps	(398)	(332)
Designated as fair value hedge – cross currency swaps	(22)	–
	<u>(420)</u>	<u>(332)</u>
	<u>(425)</u>	<u>(369)</u>
	<u>(277)</u>	<u>(335)</u>

Notes:

- (i) The Group uses interest rate swaps and cross currency swaps (swapping from foreign currencies to Hong Kong Dollars) to minimise its exposure to movements in interest rates and foreign currency exchange rates in relation to its interest bearing liabilities. The fair values of these interest rate swaps and cross currency swaps are classified as non-current items should the remaining maturities of the hedged items extend for more than 12 months. Any change in fair values of the effective portion of the cash flow hedges in relation to interest rate swaps is recognised in the hedging reserve. Any change in fair values of the fair value hedges in relation to interest rate swaps and any change in fair values of cross currency swaps are recognised directly in the condensed consolidated income statement. A net amount of HK\$33 million (2010: HK\$42 million) has been debited to the hedging reserve during the period as further set out in Note 21.
- (ii) As at 30 September 2011, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 2.7 years on HK\$5.3 billion borrowings (31 March 2011: 3.1 years on HK\$5.1 billion borrowings) from the reporting date. The notional principal amount and the weighted average fixed interest rate of the outstanding floating rates to fixed rates interest rate swap contracts as at 30 September 2011 were HK\$5.3 billion (31 March 2011: HK\$5.1 billion) and 4.27% (31 March 2011: 4.39%) respectively.
- (iii) As at 30 September 2011, the derivative financial instruments qualifying as fair value hedges have, in effect, converted part of the Group's borrowings into Hong Kong Dollars floating rates interest bearing liabilities. The notional principal amounts of the outstanding interest rate swap contracts and cross currency swap contracts qualifying as fair value hedges as at 30 September 2011 were HK\$1.5 billion (31 March 2011: HK\$1 billion) and HK\$607 million (31 March 2011: HK\$650 million) respectively.
- (iv) Gains and losses on interest rate swap contracts recognised in the hedging reserve (Note 21) as at 30 September 2011 will be released to the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

20 Units in issue

	Number of units
At 1 April 2011	2,232,284,540
Units issued under distribution reinvestment scheme	15,827,490
Units issued under long-term incentive plan	1,428,778
	<hr/>
At 30 September 2011	2,249,540,808
	<hr/> <hr/>

Last traded price of the units as at 30 September 2011 was HK\$24.70 (31 March 2011: HK\$24.35) per unit. Based on 2,249,540,808 units in issue as at 30 September 2011 (31 March 2011: 2,232,284,540 units), market capitalisation was HK\$55,564 million (31 March 2011: HK\$54,356 million).

21 Reserves

	Hedging reserve (Unaudited) HK\$'M	Earnings retained for cash flow hedge adjustments (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M
At 1 April 2011	(369)	369	–
	-----	-----	-----
Cash flow hedges:			
– Change in fair values	(139)	–	(139)
– Amount transferred to the condensed consolidated income statement (<i>Note</i>)	106	–	106
	<hr/>	<hr/>	<hr/>
	(33)	–	(33)
	-----	-----	-----
Net assets attributable to Unitholders:			
– Amount arising from cash flow hedging reserve movement	–	33	33
	<hr/>	<hr/>	<hr/>
At 30 September 2011	(402)	402	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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*).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

22 Acquisition of Nan Fung Plaza

On 8 June 2011, The Link REIT, through a wholly owned subsidiary, entered into a sale and purchase agreement to acquire the commercial portion of the Nan Fung Plaza from certain vendors which are companies of the Nan Fung group at a cash consideration of HK\$1.17 billion. The transaction was completed on 11 July 2011. The purchase consideration payable to Nan Fung group was HK\$1.17 billion, drawn down from The Link REIT's own cash resources and existing debt facilities. The acquisition is expected to enhance distribution yield of The Link REIT and capitalise on the synergy value when the operations of Hau Tak Shopping Centre are combined with those of Nan Fung Plaza.

Nan Fung Plaza contributed revenues of HK\$14 million and NPI of HK\$11 million since the acquisition date, while such information before the acquisition date is not available to The Link REIT.

The fair value of the investment property and goodwill arising from the acquisition are as follows:

	Fair value HK\$'M
Investment property acquired (<i>Note 12</i>) (<i>Note</i>)	1,130
Goodwill	40
	<hr/>
Cash outflow on acquisition	1,170
	<hr/> <hr/>
Acquisition-related costs (included in "General and administrative expenses" in the condensed consolidated income statement for the six months ended 30 September 2011)	63
	<hr/> <hr/>

Note: The investment property was revalued at 1 June 2011 by Jones Lang LaSalle Limited, the principal valuer of The Link REIT. This approximates the fair value of the investment property at the acquisition date.

23 Capital commitments

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Improvement projects to existing investment properties		
Authorised but not contracted for	1,044	753
Contracted but not provided for	616	603
	<hr/>	<hr/>
	1,660	1,356
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

24 Connected party transactions and significant related party transactions and balances

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

(a) Nature of relationship with connected/related parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/ HKAS 24 (Revised) “Related Party Disclosures”, and nature of their relationship with the Group as at 30 September 2011:

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 subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the “HSBC Group”) *	Associates [#] of the Trustee
Jones Lang LaSalle Limited (the “Principal Valuer”)	The Principal Valuer of The Link REIT
Hong Kong Youth Arts Foundation *	Director in common
Wing Hang Bank, Limited (“Wing Hang Bank”) *	Director in common
Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)”) *	Director in common
Aedas Limited and its subsidiaries (the “Aedas Group”) *	Associates [#] of director
Hong Kong Securities Institute *	Director in common
Asia Pacific Real Estate Association	Associate [#] of directors
Dah Sing Bank, Limited (“Dah Sing Bank”)	Director in common
BEAM Society Limited *	Director in common
DTZ Debenham Tie Leung Limited *	Associate [#] of director

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

24 Connected party transactions and significant related party transactions and balances (continued)

(b) Transactions with connected/related parties

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

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Trustee fee paid and payable to the Trustee <i>(Note (ii))</i>	(3)	(2)
Valuation fee paid and payable to the Principal Valuer <i>(Note (iii))</i>	(1)	(1)
Transactions with the HSBC Group <i>(Note (iv))</i>		
Interest expense and various financing charges to the HSBC Group on interest bearing liabilities and interest rate swaps	(41)	(39)
Staff expense to the HSBC Group on medical/group life insurance and insurance brokerage fee	–	(3)
Rental income from the HSBC Group on leasing of retail units	10	9
Transactions with ICBC (Asia) <i>(Note (iv))</i>		
Interest expense and various financing charges to ICBC (Asia) on interest bearing liabilities	–	(2)
Rental income from ICBC (Asia) on leasing of retail units	3	3
Interest income from ICBC (Asia) on short-term bank deposits	2	–
Transactions with Wing Hang Bank <i>(Note (iv))</i>		
Interest expense and various financing charges to Wing Hang Bank on interest bearing liabilities	–	(1)
Architectural/renovation consultancy services fees paid and payable to the Aedas Group <i>(Note (iv))</i>	(2)	(2)
Transactions with Dah Sing Bank <i>(Note (iv))</i>		
Interest expense and various financing charges to Dah Sing Bank on interest bearing liabilities	(1)	(1)
Rental income from Dah Sing Bank on leasing of retail units	3	2
Agency commission paid to DTZ Debenham Tie Leung Limited <i>(Note (iv))</i>	(12)	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

24 Connected party transactions and significant related party transactions and balances (continued)

(b) Transactions with connected/related parties (continued)

Notes:

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreements governing the transactions and in the ordinary course of business.
- (ii) The Trustee is entitled to receive an annual trustee's fee (calculated and paid monthly) at 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) Jones Lang LaSalle Limited was appointed as the Principal Valuer of The Link REIT with effect from 17 November 2010. The former Principal Valuer was Knight Frank Petty Limited who was responsible for the property valuation of The Link REIT up till the period ended 30 September 2010. Valuation fee for the period ended 30 September 2011 was payable to Jones Lang LaSalle Limited while that for the period ended 30 September 2010 was paid to Knight Frank Petty Limited.

The transactions with the Principal Valuer were entered into at arm's length on normal commercial terms.

- (iv) The transactions were entered into at arm's length on normal commercial terms.

(c) Balances with related parties

Balances with related parties are set out below:

	30 September 2011 (Unaudited) HK\$'M	31 March 2011 (Audited) HK\$'M
Interest bearing liabilities with the HSBC Group	(721)	(806)
Net interest rate swaps with the HSBC Group	(136)	(159)
Security deposits from the HSBC Group	(1)	(1)
Net interest payable to the HSBC Group	(6)	(6)
Short-term bank deposits and savings placed with the HSBC Group	17	27
Short-term bank deposits placed with Wing Hang Bank	150	21
	<u>150</u>	<u>21</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

24 Connected party transactions and significant related party transactions and balances (continued)

(d) Key management compensation

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

	Six months ended 30 September 2011 (Unaudited) HK\$'M	Six months ended 30 September 2010 (Unaudited) HK\$'M
Fees	4	4
Basic salaries, allowances and other benefits	23	20
Long-term incentive plan awards	14	15
	<hr/>	<hr/>
	41	39
	<hr/> <hr/>	<hr/> <hr/>

25 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was authorised for issue by the Board on 9 November 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Performance

The six months under review was a period of continued growth for The Link REIT. Driven by the strong performance of the portfolio and continuous efforts in cost management, total revenue for the six months ended 30 September 2011 amounted to HK\$2,887 million (six months ended 30 September 2010: HK\$2,621 million), an increase of 10.1% while total property operating expenses were held stable at HK\$846 million (six months ended 30 September 2010: HK\$856 million). The interim distribution per unit for the six months ended 30 September 2011 was HK63.11 cents (six months ended 30 September 2010: HK52.86 cents), which represents an increase of 19.4% year-on-year.

The value of our portfolio as at 30 September 2011 grew 7.1% to HK\$72,096 million, compared to 31 March 2011. Net asset value per unit also grew 6.1% to HK\$26.14 as at 30 September 2011 (31 March 2011: HK\$24.63) due primarily to the value appreciation of investment properties.

Income Statement Summary

	Six months ended 30 September 2011 HK\$'M	Six months ended 30 September 2010 HK\$'M (Restated) ⁽¹⁾	YoY %
Revenue	2,887	2,621	10.1
Property operating expenses	(846)	(856)	(1.2)
Net property income	2,041	1,765	15.6
General and administrative expenses	(147)	(80)	83.8
Interest income	11	1	1,000.0
Finance costs on interest bearing liabilities	(197)	(271)	(27.3)
Profit before taxation, change in fair values of investment properties and transactions with Unitholders	1,708	1,415	20.7
Change in fair values of investment properties	3,272	3,259	0.4
Taxation	(288)	(236)	22.0
Profit for the period, before transactions with Unitholders	4,692	4,438	5.7

Note:

- (1) Comparative figures have been restated as a result of the early adoption of the amendments to the HKAS 12 “Deferred Tax: Recovery of Underlying Assets”.

Distribution Statement Summary

	Six months ended 30 September 2011 HK\$'M	Six months ended 30 September 2010 HK\$'M (Restated) ⁽¹⁾	YoY %
Profit for the period, before transactions with Unitholders	4,692	4,438	5.7
Change in fair values of investment properties	(3,272)	(3,259)	0.4
Other non-cash income	–	(7)	N/A
	<hr/>	<hr/>	
Total distributable income	<u>1,420</u>	<u>1,172</u>	21.2
Distribution per unit (HK cents)	<u>63.11</u>	<u>52.86</u>	19.4

Note:

- (1) Comparative figures have been restated as a result of the early adoption of the amendments to the HKAS 12 “Deferred Tax: Recovery of Underlying Assets”.

Revenue Analysis

For the six months under review, total revenue rose 10.1% to HK\$2,887 million (six months ended 30 September 2010: HK\$2,621 million), comprising rental income from retail properties of HK\$2,162 million (six months ended 30 September 2010: HK\$1,967 million), rental income from car park properties of HK\$569 million (six months ended 30 September 2010: HK\$510 million) and income from other sources of HK\$156 million (six months ended 30 September 2010: HK\$144 million).

	Six months ended 30 September 2011 HK\$'M	Six months ended 30 September 2010 HK\$'M	YoY %	Percentage contribution six months ended 30 September 2011 %
Rental income:				
Retail:				
Shops ⁽¹⁾	1,730	1,554	11.3	59.9
Markets/Cooked Food Stalls	309	297	4.0	10.7
Others ⁽²⁾	123	116	6.0	4.3
Car parks:				
Monthly	424	382	11.0	14.7
Hourly	145	128	13.3	5.0
Expenses recovery and other miscellaneous income:				
Property related income	156	144	8.3	5.4
	2,887	2,621	10.1	100.0

Notes:

(1) Rental income from shops includes base and turnover rents.

(2) These include income from Education/Welfare, Housing Department (“HD”) Office, Ancillary and Mall Merchandising.

Expenses Analysis

Total property expenses during the period under review fell 1.2% to HK\$846 million (six months ended 30 September 2010: HK\$856 million) due primarily to the reversal of an over provision of car park waiver fees (grouped under “other property operating expenses” below) accrued in prior periods. The coming into effect of the Minimum Wage Ordinance on 1 May 2011 and the Manager’s offer to reimburse the existing service contractors for the costs they incurred (including those on paid rest-days and meal-breaks) resulted in the increase in property managers’ fees, security and cleaning expenses. Staff costs also increased as the Manager added front line headcount so as to continue to strengthen the work force and pursue better quality service to customers.

The increase in utilities tariff rates was offset by the continuous efforts by management to deploy savings initiatives to reduce energy consumption. Repair and maintenance costs were slightly down year-on-year due to the Manager's efforts to better plan and control repair and maintenance works across the portfolio.

	Six months ended 30 September 2011 HK\$'M	Six months ended 30 September 2010 HK\$'M	YoY %
Property managers' fees, security and cleaning	251	212	18.4
Staff costs	129	123	4.9
Utilities	182	182	0.0
Repair and maintenance	103	116	(11.2)
Government rent and rates	87	78	11.5
Promotion and marketing expenses	39	39	0.0
Estate common area costs	51	49	4.1
Other property operating expenses	4	57	(93.0)
	<hr/>	<hr/>	
Total property expenses	846	856	(1.2)
	<hr/> <hr/>	<hr/> <hr/>	

Financial Position

The financial position of The Link REIT remains strong with total value of investment properties increased to HK\$72,096 million as at 30 September 2011 (31 March 2011: HK\$67,318 million), an increase of 7.1%. The increase was partly due to the inclusion of the value of the commercial portion of the Nan Fung Plaza ("Nan Fung Plaza") acquired in July 2011. Net asset value per unit rose from HK\$24.63 as at 31 March 2011 to HK\$26.14 as at 30 September 2011. The increase in net asset value per unit was due primarily to the increase in fair values of investment properties driven by improvement in rental income.

Financial Position Summary

	As at 30 September 2011 HK\$'M	As at 31 March 2011 HK\$'M
Current Assets	2,330	1,045
Non Current Assets	72,638	67,709
Total Assets	74,968	68,754
Current Liabilities	3,871	4,577
Non Current Liabilities	12,290	9,202
Total Liabilities	16,161	13,779
Net Assets Attributable to Unitholders	58,807	54,975
Units in Issue ('000)	2,249,541	2,232,285
Net Asset Value Per Unit	HK\$26.14	HK\$24.63
Liquidity ratio (%)	60.2	22.8
Gearing ratio (%)	16.7	15.1

Valuation Review

Based on the valuation of Jones Lang LaSalle Limited, the principal valuer of The Link REIT (the "Principal Valuer"), the value of the retail properties grew 7.1% from HK\$57,510 million as at 31 March 2011 to HK\$61,573 million as at 30 September 2011 while the value of the car parks grew from HK\$9,808 million as at 31 March 2011 to HK\$10,523 million as at 30 September 2011. The Principal Valuer used a combination of the discounted cash flow ("DCF") and income capitalisation approaches to value The Link REIT's property portfolio. The valuation uplift for the retail properties was largely due to the increase in property income of the portfolio, improved quality of specific properties which had undergone asset enhancement initiatives ("AEIs") and rental growth prospects in general.

Movements in Investment Properties

	Retail properties HK\$'M	Car parks HK\$'M	Total HK\$'M
At 1 April 2011	57,510	9,808	67,318
Additions	1,486	20	1,506
Change in fair values	2,577	695	3,272
	<hr/>	<hr/>	<hr/>
At 30 September 2011	61,573	10,523	72,096
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Income Capitalisation Approach – Capitalisation Rate

	As at 30 September 2011	As at 31 March 2011
Retail properties	5.00 – 7.00%	5.00 – 7.00%
Retail properties: weighted average	5.88%	5.92%
Car parks	5.50 – 9.25%	5.50 – 9.25%
Car parks: weighted average	7.62%	7.63%
Overall weighted average	6.11%	6.16%

DCF Approach

Discount rate	8.00%	8.00%
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CAPITAL MANAGEMENT

During the period under review, the financial markets experienced a significant amount of volatility. The commercial banks in Hong Kong encountered a liquidity squeeze and increased credit margin. The Link REIT continued to focus on extending and spreading out debt maturity and lowering average interest cost. As a result, there will be no refinancing necessary in the next 18 months.

Key financing transactions in the period are summarised below:

- A new HK\$2.5 billion 5-year club loan was put in place with various banks at an all-in cost of HIBOR + 0.85% per annum of which HK\$1.25 billion of the club loan is revolving in nature.
- A total of HK\$1.5 billion unsecured notes were issued under the Guaranteed Euro Medium Term Note Programme.
- A further HK\$500 million of the 2006 syndicated loan was prepaid.

The overall average interest rate of the debt portfolio, after taking into account interest rate hedging, reduced from 3.72% as at 31 March 2011 to 3.45% as at 30 September 2011. Average outstanding life of the Group's committed debt facilities was extended to 3.8 years as at 30 September 2011 from 3.4 years as at 31 March 2011.

Debt Highlights

	As at 30 September 2011	As at 31 March 2011
Debt (face value)	HK\$12.47 billion	HK\$10.37 billion
Gearing (debt:total assets)	16.7%	15.1%
Average outstanding life of debt facilities	3.8 years	3.4 years
Proportion of liabilities at fixed rates (after swaps)	58%	60%
Average outstanding life of fixed rate debt/swaps	3.8 years	3.7 years
Effective interest rate	3.45%	3.72%

Committed Debt Facilities ⁽¹⁾

As at 30 September 2011 (HK\$ Billion)	Fixed Rate Debt⁽²⁾	Floating Rate Debt⁽²⁾	Utilised Facilities	Undrawn Facilities	Total Facilities
HKMC Loan ⁽³⁾	3.75	0.25	4.00	–	4.00
2006 Syndicated Loan	1.35	0.50	1.85	–	1.85
2011 Club Loan	–	1.75	1.75	0.75	2.50
Bilateral Loans	0.20	1.07	1.27	1.56	2.83
Medium Term Notes	1.88	1.72	3.60	–	3.60
Total	7.18	5.29	12.47	2.31	14.78
Percentage	58%	42%	84%	16%	100%

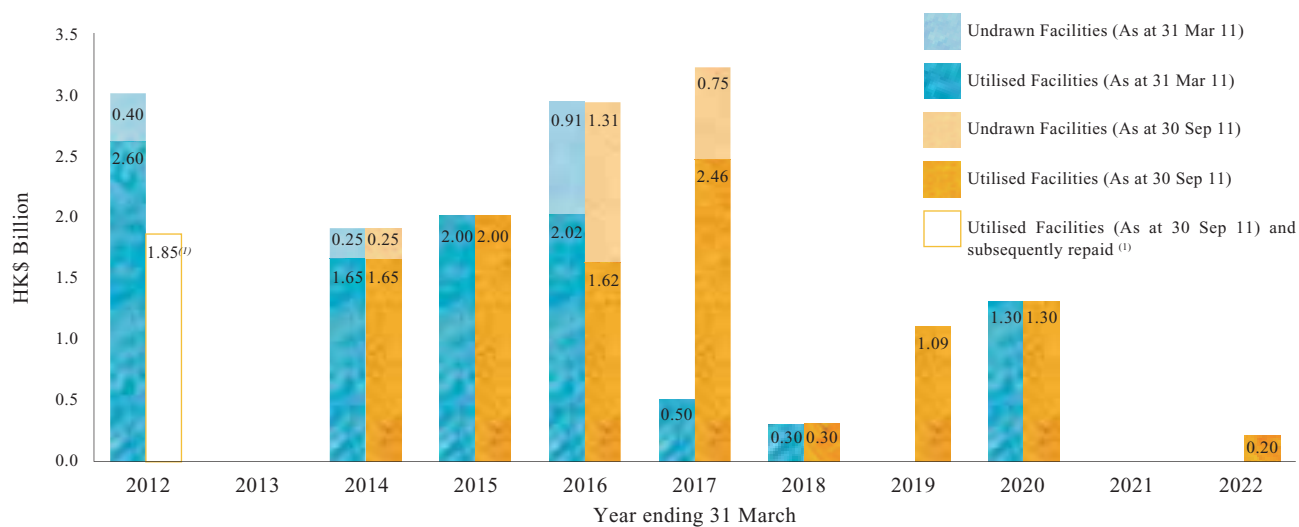
Notes:

(1) All amounts are at face value.

(2) After interest rate swaps.

(3) Loan from The Hong Kong Mortgage Corporation Limited (“HKMC”).

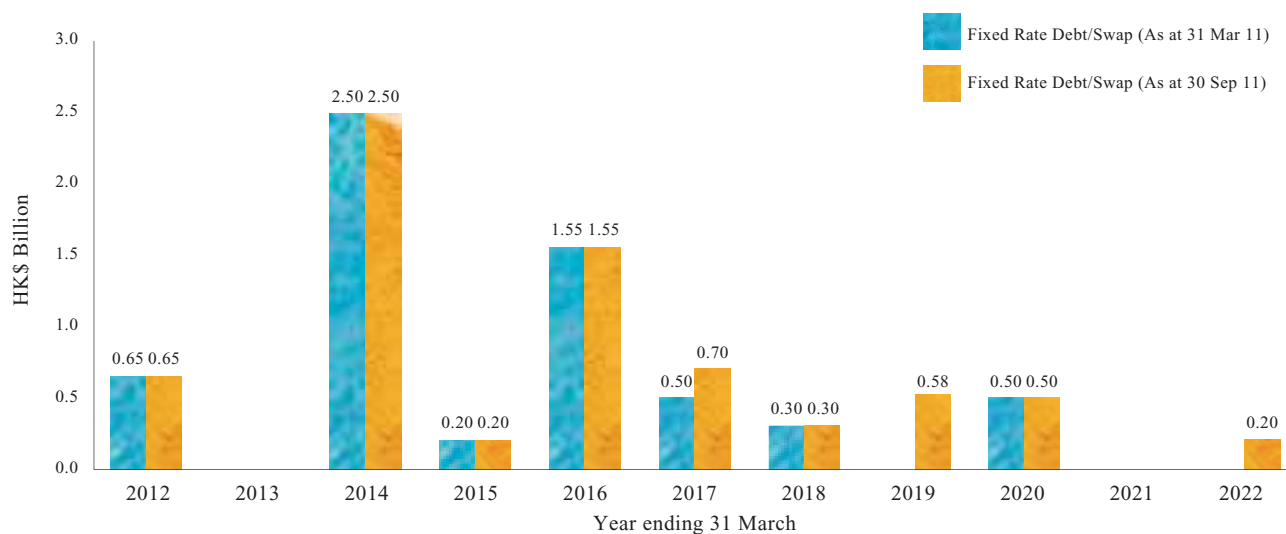
Maturity Profile of Committed Facilities



Note:

(1) The HK\$1.85 billion 2006 Syndicated Loan was fully repaid in October 2011.

Fixed Rate Debt/Swap Maturity Profile



Available Liquidity

The Link REIT has increased liquidity available for both risk management and potential growth purposes. As at 30 September 2011, available liquidity stood at HK\$4.45 billion (31 March 2011: HK\$2.41 billion), comprising HK\$2.14 billion cash and deposits and HK\$2.31 billion committed undrawn facilities.

Credit Ratings

The Link REIT commands strong credit ratings by rating agencies. The Link REIT's credit ratings were affirmed by Standard and Poor's at A/Stable on 15 July 2011 and by Moody's Investors Service at A2/Stable on 28 September 2011.

BUSINESS REVIEW

Retail Portfolio

The Manager is delighted with the strong performance of the retail properties in the period under review. Rental income from the retail properties, which contributed 74.9% of revenue in the period under review, grew 9.9% year-on-year to HK\$2,162 million (six months ended 30 September 2010: HK\$1,967 million). The solid revenue growth was driven by higher rental rates, improving occupancy rates, increasing contributions from properties with completed AEIs and better trade mix.

Average Unit Rent

Within The Link REIT's portfolio, the top 10 and top 50 properties by retail valuation accounted for 27% and 71% respectively of retail revenue for the period under review, reflecting the improved quality and better trade mix of these assets which included most of the properties that had undergone AEIs. Among the properties with a retail component, the top 10 properties and the 11th to 50th properties achieved average monthly unit rent per square foot of, respectively, HK\$47.8 and HK\$36.6 as at 30 September 2011 (31 March 2011: HK\$46.5 and HK\$34.4, respectively).

Retail Portfolio Breakdown

Properties ⁽¹⁾	Retail Properties Valuation HK\$'M	Retail Revenue HK\$'M	Average monthly unit rent per leased IFA⁽²⁾ HK\$ psf	Occupancy rate %
1-10	17,576	577	47.8	97.2
11-50	28,135	958	36.6	91.5
51-100	13,138	515	26.8	91.4
Remaining properties	2,724	112	19.3	86.9
Total	61,573	2,162	34.2	92.1

Notes:

(1) Properties ranked by retail valuation as at 30 September 2011, including Nan Fung Plaza.

(2) IFA means internal floor area.

Composite Reversion Rate

The composite reversion rate is an indicator of rental growth comparing the newly achieved rental rates of a like for like space with those leases expired during the period. The composite reversion rate for the retail properties showed a slight decline to 21.5% (six months ended 30 September 2010: 22.7%). The composite reversion rate for shops, which accounted for the major share of revenue, was 22.7% (six months ended 30 September 2010: 22.2%).

Composite Reversion Rate by Trade Category

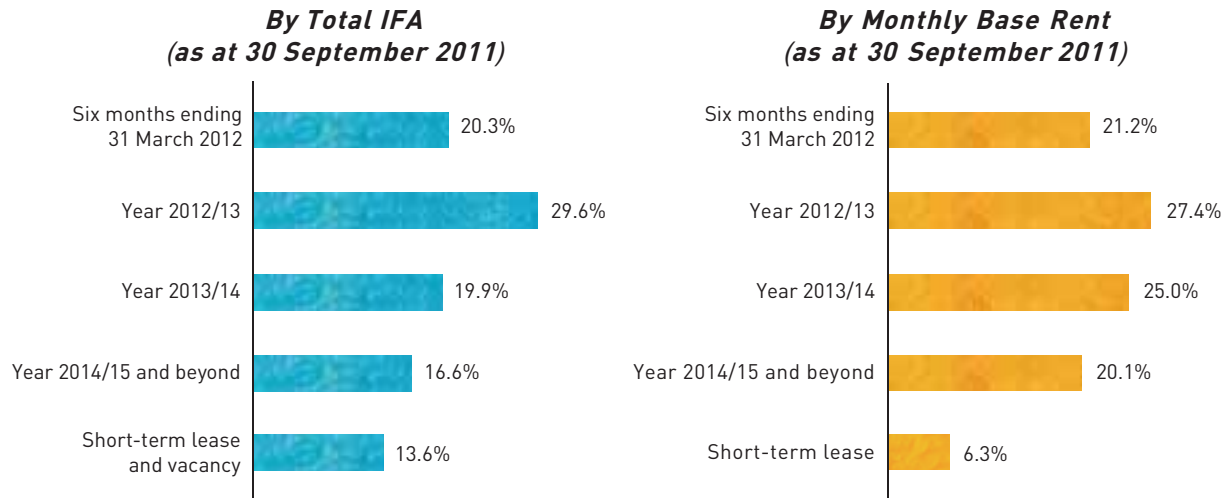
	Six months ended 30 September 2011 %	Six months ended 30 September 2010 %	% of total IFA (exclude self use office) as at 30 September 2011 %
Shops	22.7	22.2	81.3
Markets/Cooked Food Stalls	14.3	24.8	9.1
Others ⁽¹⁾	15.2	3.5	9.6
Overall Retail Properties	21.5	22.7	100.0

Note:

(1) Others include Education/Welfare, HD Office, and Ancillary.

Portfolio Lease Expiry Profile

In the financial year ending 31 March 2012, leases accounting for approximately 20% by IFA and approximately 21% by monthly base rent of the retail properties will expire.



Portfolio Occupancy Analysis

The portfolio's overall occupancy rate improved to 92.1% as at 30 September 2011 (31 March 2011: 91.5%), demonstrating our team's efforts in filling the vacant space and the strong demand for space in our portfolio. The occupancy rate for shops in our portfolio improved steadily, and achieved 94.6% as at 30 September 2011 (31 March 2011: 93.8%).

Occupancy of Different Categories of Space for the Portfolio

Category	As at 30 September 2011			As at 31 March 2011		
	Total IFA '000 sq ft	Average monthly unit rent per leased IFA HK\$ psf	Occupancy rate %	Total IFA '000 sq ft	Average monthly unit rent per leased IFA HK\$ psf	Occupancy rate %
Shops	8,885	34.2	94.6	8,883	32.6	93.8
Markets/Cooked Food Stalls	994	64.6	80.6	986	63.0	81.8
Others ⁽¹⁾	1,055	6.0	82.0	1,055	5.9	81.1
Total excluding Self use office	10,934	34.2	92.1	10,924	32.8	91.5
Self use office	138	N/A	N/A	143	N/A	N/A
Total including Self use office	11,072			11,067		
Total excluding Self use office, Education/Welfare, HD Office and Ancillary	9,879	36.9	93.1	9,869	35.3	92.6

Note:

(1) Others include Education/Welfare, HD Office, and Ancillary.

Retail Trade Mix Analysis

As at 30 September 2011	Leased IFA '000 sq ft	% of leased IFA	% of monthly rent
Food and Beverage	3,071	30.5	24.9
Supermarket and Foodstuff	1,927	19.1	23.4
Services	963	9.6	10.9
Market Stall	351	3.5	7.6
Single Letting Market	331	3.3	6.0
Personal Care, Medicine, Valuable Goods, Optical, Books and Stationery	604	6.0	8.4

The core strength of The Link REIT's properties is to provide the local community with their basic necessities and focuses on general food stuff, restaurants, markets and daily services. To create a better business environment for our tenants and drive higher footfall, the Manager has been evaluating the potential demand for higher quality services and expanding the product offerings and variety of trades in selected AEI properties to create an enhanced shopping experience to serve the needs of shoppers in the district.

Review of Asset Enhancement Initiatives

AEI is a key component of The Link REIT's growth strategy which the Manager has been implementing actively. The HK\$168 million asset enhancement work at Choi Yuen Plaza was completed in September 2011 and the Manager is pleased with its good return on investment. The Manager had completed 22 AEI projects since The Link REIT was listed in 2005, and properties with completed AEI projects accounted for 39.6% of the Group's revenue (excluding car parks) for the period under review and a total IFA of approximately 3 million square feet.

Seven AEI projects with a total investment of approximately HK\$753 million are currently under construction which are expected to be completed within the next two financial years. The grand opening of one of our flagship centres, Stanley Plaza, will take place on 25 November 2011. Seven additional AEI projects with an aggregate investment of over HK\$600 million are in various stages of obtaining statutory approvals.

Status of AEIs

	Number of projects	Capital expenditure HK\$'M
Completed since initial public offering	22	1,771
Underway	7	753
Pending statutory approval	7	602
Others under planning ⁽¹⁾	>18	>1,400
Total ⁽¹⁾	>54	>4,526

Note:

(1) Latest estimated figures.

Approved AEI Projects Underway ⁽¹⁾

	Total estimated project Capex HK\$'M	Target completion date
Stanley Plaza	227	late 2011
Tai Yuen Commercial Centre	120	late 2011
Leung King Shopping Centre	200	early 2012
Tin Shui Shopping Centre	66	early 2012
Sun Chui Shopping Centre	33	mid 2012
Oi Man Shopping Centre	64	late 2012
Sheung Tak Shopping Centre	43	early 2013
Total	753	

Note:

(1) Projects which have secured all internal and necessary statutory approvals.

First Acquisition – Nan Fung Plaza

On 8 June 2011, the Manager announced the acquisition by The Link REIT of the commercial portion of Nan Fung Plaza from the Nan Fung group of companies for HK\$1,170 million. The acquisition is the first one for The Link REIT since its initial public offering in 2005, and the first venture into retail properties in a private residential development. The acquisition is expected to enhance distribution yield of The Link REIT and capitalise on the synergy value when the operations of Hau Tak Shopping Centre are combined with those of Nan Fung Plaza. This marks a new milestone in The Link REIT's business development and paved the way for further growth opportunities.

Nan Fung Plaza is located adjacent to the Hang Hau mass transit railway station in the Tseung Kwan O district in the New Territories. It is connected by footbridges to The Link REIT's Hau Tak Shopping Centre in Hang Hau. The Manager believes that the addition of Nan Fung Plaza allows us to better leverage on the Manager's expertise in retail property management to bring more business opportunities for the tenants and provide a better shopping environment for the shoppers in the area.

Nan Fung Plaza has been successfully integrated into The Link REIT's portfolio of assets following completion of the acquisition on 11 July 2011. The Manager is focusing on strategies to improve trade mix and has integrated this newly acquired property into the portfolio's marketing plans. New tenants and services will be introduced to Nan Fung Plaza including a bakery shop and the installation of an automatic teller machine. Rental reversion rate and occupancy have been encouraging since completion, which demonstrates our capability in asset management.

Performance of Nan Fung Plaza

As at 30 September 2011

Occupancy rate	98.4%
Valuation	HK\$1,183 million
Average monthly unit rent	an increase of 3.7% since acquisition completed ⁽¹⁾

Note:

(1) Based on end July 2011 and end September 2011 figures.

Car Park Portfolio

Revenue from car parks accounted for 19.7% of total revenue for the six months ended 30 September 2011 (six months ended 30 September 2010: 19.5%). In the six months under review, rental income from car parks grew 11.6% year-on-year to HK\$569 million (six months ended 30 September 2010: HK\$510 million). The implementation of various incentive parking schemes and the closure of some neighbourhood car parks have further stimulated parking demand among our portfolio. The car park operating margin was 59.8% for the six months under review (six months ended 30 September 2010: 57.5%) which excluded the write-back of the waiver fees provision as the final waiver fees assessed by the government were lower than our original estimation.

Key Car Park Property Performance Indicators

	Six months ended 30 September 2011	Six months ended 30 September 2010
Car park space allocation – monthly (%)	87.0	87.0
Car park space allocation – hourly (%)	13.0	13.0
Gross receipts by monthly users (%)	74.5	74.9
Gross receipts by hourly users (%)	25.5	25.1
Utilisation of car park space (%)	78.3	72.6
Car park income per space per month (HK\$)	1,193	1,067
Net property income margin (%)	59.8 ⁽¹⁾	57.5

Note:

(1) Excluding the write-back of the car park waiver fees provision.

STRATEGY AND OUTLOOK

The Manager believes there is further room to improve the existing portfolio and will continue to execute its asset management strategy to enhance trade mix, achieve higher rental return, improve occupancy and deliver better service quality. The successful execution of its AEI strategy has demonstrated that AEI not only generates satisfactory investment return immediately after completion, but also continues to deliver sustainable growth in the long-term as the upgraded properties provide an enhanced shopping environment to attract new tenants. These new tenants widen the appeal to shoppers, generate higher footfall and create a better business environment for other tenants. The Manager is reviewing the feasibility studies on a number of properties and will roll out more AEI projects of various scales in the near future.

The Manager announced its first acquisition for The Link REIT in June 2011 and Nan Fung Plaza has been integrated smoothly into The Link REIT's portfolio upon completion of the acquisition in July 2011. The Manager believes that it can create value on third party assets with its proven asset management capability and will continue to seek suitable acquisition opportunities in the local retail sector to leverage on its strength. Such acquisitions will complement the existing portfolio and enhance its competitiveness going forward. The Link REIT has a strong financial position and sufficient fund raising capacity to finance future acquisitions.

The buoyant local retail market was evidenced by strong retail sales in the first half of this financial year. Although recent retail sales growth was partly driven by strong tourist influx, private consumption also recorded healthy growth indicated by continuous increase in local consumer spending. The Link REIT's portfolio should benefit from this trend as an above average number of leases are due for renewal in the remainder of the current financial year.

Supported by the strong retail market, positive rental reversion and increasing contributions from completed AEIs, the Manager expects to continue with the rental growth in the second half of the financial year. Cost management will be challenging as inflationary pressure builds up and affects most of our cost items. The Manager remains confident that The Link REIT will sustain stable growth for the full year.

HUMAN RESOURCES

The Manager's remuneration policy is to provide an equitable, motivating and competitive remuneration package in order to attract, motivate and retain high performing staff. As an ongoing practice of adhering to these principles, the Manager regularly reviews the remuneration policies and practices with the assistance of 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 include contribution to mandatory provident fund, annual leave, sick leave, maternity leave, newly introduced paternity leave, medical insurance, life and personal accident insurance.

During the six months ended 30 September 2011, there was a 2% growth in headcount with additional frontline staff in property management. The Manager has appointed new members of senior management including Head of Property Management and Operations, Head of Marketing and General Manager of Quantity Surveying in the period. As at 30 September 2011, the Manager had 814 (31 March 2011: 798) staff.

To continuously improve service quality and recognise the contribution of staff from cleaning and security contractors alongside the front line staff in property management and operations, the Manager has organised the first "The Link Award Ceremony" in June 2011. Based on the scores rated by mystery shoppers of an independent consultant, awards were given to the best performers and teams under different categories.

As one of the key initiatives in caring for its staff, the Manager has introduced an Employee Assistance Programme to all staff members and their families. An independent service provider has been appointed to provide one-stop professional services in preventing, identifying and resolving concerns, difficulties or problems from personal, family and work lives. Qualified and experienced professionals would offer tailor-made information or solutions to those in need.

SUSTAINABILITY FRAMEWORK

The Manager continues to build on our sustainability initiatives within the seven key areas, namely asset/brand, community, corporate governance, economic, environmental, staff and tenant. Our investment in the portfolio has maintained momentum, with one AEI – Choi Yuen Plaza – completed in the period under review, and another seven AEIs underway. Such efforts to reposition and revitalise our shopping centres create better operating environments for our tenants and enhanced shopping ambience for customers. We also embed environmental-friendly designs and technologies in the retrofitting works. Most notably, Stanley Plaza will complete its asset enhancement by November 2011 and is the first asset within The Link REIT's portfolio to achieve Building Environmental Assessment Method ("BEAM") Platinum standard in recognition of its environmental-friendly construction.

In addition to investing in AEIs, the Manager has also continued with its investment in energy efficient hardware. During the period under review, the Manager replaced 21 chiller units across 14 shopping centres, bringing the total number of energy-efficient chillers to 87. We have also installed four new chiller units in Leung King Shopping Centre, resulting in a total of 22 new chiller units installed in our markets and shopping centres. We also carried out lighting improvement programme, other energy efficiency and work process improvements achieving savings in stable utility costs which compensate for the electricity tariff rates increase in January 2011.

The Link REIT's commitment to the community is highlighted by our support for the statutory minimum wage which came into effect on 1 May 2011 and our offer to reimburse the costs of our contractors to pay for rest-days and meal-breaks for workers of our existing contracted service providers. The Manager believes this commitment is important to strengthen worker morale and labour relations.

The Manager is pleased with the progress on the upgrading works for barrier free access ("BFA") which are planned to be completed in phases by 2016. The upgraded BFA facilities include the provision of accessible lifts, vertical platforms, tactile guide paths, accessible customer service counters, ramps, braille and tactile floor plans and accessible toilets, which these facilities will particularly benefit persons with disabilities, the elderly, people with other physical limitations, pregnant women and families with young children.

AWARDS

In May 2011, the Manager was awarded the Caring Company Certificate by the Hong Kong Council of Social Service. The Caring Company Scheme recognises businesses that make outstanding contribution in Caring for the Community, Caring for Employees and Caring for the Environment. The Manager has been awarded the Caring Company Certificate from 2007 through 2011.

In the same month, the Manager received the Corporate Social Responsibility Awards 2011 organised by Capital Magazine and Capital Weekly. This award acknowledges the Manager's contributions to society and natural development while providing excellent services to customers through its territory-wide portfolio of properties.

In July 2011, Executive Director and CEO of the Manager, Mr George HONGCHOY, won the Outstanding Entrepreneurship Award of Asia Pacific Entrepreneurship Awards organised by Enterprise Asia. This award programme honours leading entrepreneurs who show outstanding performance and achievements in their respective industries in the Asia Pacific region.

Ten of The Link REIT's shopping centres were granted the Certificate of Commendation Scheme for Commercial and Industrial Waste in August 2011. This scheme, run by the Environmental Protection Department, appreciates the Manager's continued commitment to facilitate waste separation and recycling in the workplace and shopping centres with a view to reducing waste.

In October 2011, the Revitalisation of Tai Yuen Fresh Market Project emerged as the winner in the Environmental Excellence category of the Asian CSR Awards 2011, organised by the Asian Institute of Management, for its marked impact upon human health, safety, environment and considerable enrichment of the local economy.

In November 2011, our green community engagement project Eco Terrace held at Lok Fu Plaza has won the Gold Award of the International Council of Shopping Centers Asia Pacific Shopping Center Awards 2011 in the Cause Related Marketing category out of a record 122 marketing and 19 design entries from all over the Asia Pacific region.

APPRECIATION

The Board would like to offer sincere thanks to our management and staff, whose professionalism and dedication are critical to The Link REIT's success. Dr Allan ZEMAN retired as an independent non-executive director of the Manager on 13 July 2011. The Board wishes to extend its appreciation to Dr Allan ZEMAN for his contributions to the Board and The Link REIT during his tenure.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2011, the Manager and The Link REIT complied with the REIT Code, the Securities and Futures Ordinance, (wherever applicable) the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Trust Deed constituting The Link REIT and the compliance manual of the Manager. The Manager and The Link REIT also met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, wherever applicable, throughout the period.

The authorisation structure of The Link REIT and corporate governance policies and practices for the six months ended 30 September 2011 were in line with those adopted for the financial year ended 31 March 2011 (as disclosed in the corporate governance report in annual report 2011). Further details are set out in the interim report 2011/2012.

REVIEW BY AUDIT COMMITTEE AND AUDITOR

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2011 had been reviewed by the Audit Committee. The interim financial information had also been reviewed by The Link REIT's auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

ISSUANCE OF NEW UNITS

During the six months ended 30 September 2011, 17,256,268 new units of The Link REIT in aggregate were issued. Among them, 15,827,490 new units were issued pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2011 and 1,428,778 new units were issued upon the vesting of restricted unit awards under the long-term incentive plan of The Link REIT. Further details of such incentive plan are set out in Note 17 to the condensed consolidated interim financial information.

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

During the six months ended 30 September 2011, neither the Manager nor any of The Link REIT's subsidiaries purchased, sold or redeemed any of The Link REIT's listed units.

INTERIM DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

The interim distribution of HK63.11 cents per unit for the six months ended 30 September 2011 will be paid on or around Friday, 13 January 2012 to Unitholders whose names appear on the register of Unitholders of The Link REIT on Monday, 28 November 2011. For the purpose of ascertaining Unitholders' entitlement to the interim distribution, the register of Unitholders will be closed from Thursday, 24 November 2011 to Monday, 28 November 2011, both days inclusive. In order to qualify for the interim distribution, all transfer documents, 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 p.m. on Wednesday, 23 November 2011.

DISTRIBUTION REINVESTMENT SCHEME

A distribution reinvestment scheme will be available to eligible Unitholders with a registered address in Hong Kong, who may elect to receive the interim distribution for the six months ended 30 September 2011 wholly in cash or wholly in new units or a combination of both. An announcement giving further information of such scheme will be published on or around 28 November 2011, and a circular containing the details of such scheme together with the relevant election form or entitlement advice will be despatched to Unitholders on or around 7 December 2011.

ISSUANCE OF INTERIM REPORT 2011/2012

The interim report for the six months ended 30 September 2011 of The Link REIT will be published and despatched to Unitholders on or around 25 November 2011.

By order of the board of directors of
The Link Management Limited
(as manager of The Link Real Estate Investment Trust)
Ricky CHAN Ming Tak
Company Secretary

Hong Kong, 9 November 2011

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

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

Andy CHEUNG Lee Ming (*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