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領匯 The Link

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 FINANCIAL YEAR ENDED 31 MARCH 2012

HIGHLIGHTS

Tenant Sustainability		
Retail gross sales of tenants		↑ 10.7%
Retention rate		↑ to 79.2%
Percentage of retail shops leased to small tenants, quality independent operators		60%
Conducted nine The Link Tenant Academy seminars and workshops with over 1,200 attendees		
Consistent Growth		
Total revenue	HK$5,932 million	↑ 10.8%
Net property income	HK$4,185 million	↑ 14.8%
Full year distribution per unit	HK129.52 cents	↑ 17.3%
Payout ratio		100%
Positive Operating Performance		
Average monthly unit rent (per square foot)	HK$35.8	↑ 9.1%
Overall occupancy rate		↑ to 92.9%
Reversion rate (on average 3-year lease)		21.7%
Net property income margin		↑ to 70.5%
Electricity consumption savings		16 million kWh
Payment to the Government (profits tax, rent and rates)	HK$651 million	↑ 10.1%
Solid Financial Position		
Net asset value per unit	HK$27.73	↑ 12.6%
Gearing ratio		↑ to 15.9%
Effective interest rate		↓ to 3.35%
Strong credit ratings		A(S&P)/A2 (Moody's)
Available liquidity		HK$4.67 billion
No major refinancing in the next financial year		

Note: Comparisons are based on 31 March 2011 figures.

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 announce the audited consolidated final results of The Link REIT and its subsidiaries (the "**Group**") for the year ended 31 March 2012.

The final results and the consolidated financial statements of the Group for the year ended 31 March 2012, after review by the audit committee of the Manager (the "**Audit Committee**"), were approved by the Board on 6 June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL RESULTS

The Link REIT delivered a solid set of results in the year under review to provide its unitholders (the "**Unitholders**") continuing growth in total return.

Distribution per unit ("**DPU**") for the year increased 17.3% to HK129.52 cents (2011: HK110.45 cents), comprising an interim DPU of HK63.11 cents (2011: HK52.86 cents) and a final DPU of HK66.41 cents (2011: HK57.59 cents). The Manager has continued with its policy of distributing 100% of The Link REIT's distributable income. The total DPU represents a distribution yield of 4.5% based on the closing market price of the units of HK$28.90 on 31 March 2012. Unit price performance during the year was particularly strong with closing market price increasing from HK$24.35 a year ago to HK$28.90 (18.7% appreciation) as at 31 March 2012 amidst a downward trend of the other benchmarking market indices during the same period.

Valuation of the investment properties portfolio continued to improve during the year due to increase in rental income and two newly acquired properties. Net asset value per unit grew 12.6% to HK$27.73 as at 31 March 2012 (31 March 2011: HK$24.63).

Taking both distributions payout and unit price appreciation into account, The Link REIT has delivered to Unitholders a compound average annualised total return of 21.1% since its initial public offering to the end of March 2012.

OPERATIONS REVIEW

How have we done in the financial year ended 31 March 2012?

Key Performance Indicators

	How did we do?	How is this measured?	Why this matters to the business and management?
Retail Portfolio			
Retail Revenue Growth	+10.6%	Percentage change in total retail revenue this year vs last year	Reflects income growth momentum as led by asset management, asset enhancement and asset acquisition strategies
Overall Occupancy Rate	92.9%	Percentage of leased internal floor area (“**IFA**”) over total leasable IFA	Improving trading environment leads to stronger demand for retail space
Average Monthly Unit Rent	HK$35.8 per square foot	Monthly average base rent plus management fee generated from each square foot of leased IFA	Demonstrates the key growth pattern of our retail portfolio
Retention Rate	79.2%	Percentage of tenants retained upon lease expiry	Better operating conditions improve tenants’ willingness to stay in our portfolio
Proportion of Quality Independent Operators (“**QIOs**”)[1]	60%	Percentage of retail shops in our portfolio leased to small tenants fitting the definition of QIO	Provides more variety and aims to add individuality to each shopping centre
Tenants’ Gross Sales Growth	+10.7%	Percentage change in reported per square foot gross sales of tenants this year vs last year	Improving trade mix together with targeted marketing effort leads to increase in footfall
Car Park Portfolio			
Car Park Revenue Growth	+11.8%	Percentage change in total car park revenue this year vs last year	Reflects the success of our marketing strategies that leads to increased demand
Car Park Utilisation Rate	79.6%	The number of monthly tickets sold divided by the number of monthly parking spaces available	Reflects the strong demand for monthly parking spaces

Note:

[1] QIOs are tenants with shop’s IFA less than or equals 1,000 square feet, excluding top 50 tenants by monthly base rent and trades such as councilor office, post office, department store, bank, off course betting centre, elderly centre and single operator shopping centre.

Retail Portfolio

Retail properties form a major part of our portfolio and comprised over 11 million square feet of IFA as at 31 March 2012. Revenue generated from the retail properties accounted for over 80% of the total revenue of The Link REIT during the year under review.

Against the backdrop of a strong local economy boosting retail sales and private consumption, performance of The Link REIT's retail portfolio has been satisfactory with revenue growing by 10.6% to HK$4,763 million (2011: HK$4,307 million). This has also been made possible by the Manager's success in executing various initiatives to improve the shopping environment:

- undertaking asset enhancement works to rejuvenate or reposition the properties;
- executing leasing strategies to enhance trade mix while carrying out a wide array of portfolio-wide and property specific marketing events to improve tenants' gross sales;
- upgrading our service quality; and
- providing wide-ranging courses and seminars to our tenants on latest market trends and know-how.

Aiming to improve the shopping environment and to equip staff to better serve our tenants and shoppers, all these have successfully attracted higher patronage and in turn enhanced tenants' business to thrive in our portfolio.

Improving Shopping Environment

Asset Enhancement Initiatives

The Manager is committed to enhance the trading environment for the tenants especially through asset enhancement initiatives ("**AEIs**"). In the year under review, four AEIs were completed, bringing the total number of completed AEIs to 25 with a total IFA of some 3.3 million square feet.

The four completed AEIs have achieved satisfactory returns on investments, with Stanley Plaza and Tai Yuen Market slightly below our target.

Stanley Plaza, an award winning life-style centre, is our newly completed centre with improved design and shopping environment. The extensive works and extended construction period have affected the return of the project.

Tai Yuen Market is our pilot fresh market project with new store designs, new layouts and new operational concepts introduced. We will be able to apply the valuable experience gained in Tai Yuen Market for our future fresh market AEIs.

Return on Investment of AEIs completed in the year ended 31 March 2012

	Total IFA as at 31 March 2012 *'000 square feet*	Total Project Capex *HK$'M*	Estimated Return on Investment[1] *%*
Choi Yuen Plaza	128	162	36.3%
Tin Shui Shopping Centre	73	78	15.9%
Stanley Plaza	100	227	13.0%
Tai Yuen Market	35	120	12.2%
Total	**336**	**587**	

Note:

[1] Estimated return on investment is calculated based on projected net property income after AEI, minus net property income before AEI, divided by AEI capital expenditure and loss of rental.

Approved AEIs Underway[1]

	Estimated Total Project Capex *HK$'M*	Target Completion Date
Leung King Plaza	234	mid 2012
Sun Chui Shopping Centre	53	mid 2012
Oi Man Shopping Centre	116	late 2012
Wah Sum Shopping Centre	56	late 2012
Yiu On Shopping Centre	34	late 2012
Sheung Tak Shopping Centre	72	early 2013
Chung Fu Plaza (Phase II Project)	166	mid 2013
Total	**731**	

Note:

[1] Projects which have secured all internal and necessary statutory approvals.

Status of AEIs

	Number of Projects	Total Project Capex *HK$'M*
Completed since initial public offering	25	2,195
Underway	7	731
Pending statutory approval	5	786
Others under planning	>15	>1,200
Total	**>52**	**>4,912**

Expanding Trade Mix

The Manager is continuously refining and expanding the trade mix within its portfolio to provide a better shopping experience for the shoppers – to fulfill the ever-changing shoppers' demands. The Manager has been able to attract both entrepreneurs and new tenant groups to start business within our portfolio leading to a diverse base of tenants of various sizes including some of the major retail groups in Hong Kong and a large number of small tenants, QIOs. As at 31 March 2012, these small tenants accounted for 60% of the total retail shops in our portfolio.

The Manager believes that these small tenants are key to The Link REIT's success as they provide a much wider variety of offerings to our shoppers and individuality to our shopping centres.

Retail Trade Mix (As at 31 March 2012)

	Leased IFA '000 square feet	% of Total Leased IFA	% of Total Monthly Rent
Food and Beverage	3,076	30.3	24.9
Supermarket and Foodstuff	1,963	19.3	23.6
Markets/Cooked Food Stalls	812	8.0	14.5
Education/Welfare, Office and Ancillary	861	8.5	1.4
General Retail			
Services	977	9.6	11.2
Personal Care, Medicine, Optical, Books and Stationery	569	5.6	7.8
Others [1]	1,905	18.7	16.6

Note:

[1] Including clothing, department stores, electrical and household products, leisure and entertainment and valuable goods.

Implementing Targeted Marketing Strategy to Improve Tenants' Sales

Tactical promotion campaigns were conducted to raise overall awareness of our shopping centres. These marketing and promotion events, from portfolio-wide promotions such as festive promotions to property specific campaigns such as Paws by the Sea in Stanley Plaza, have earned much publicity for tenants and successfully drawn higher patronage and spending to our shopping centres.

Upgrading Service Quality and Knowledge Sharing

Mystery Shopper Programme

We upgraded the contractors' performance as well as improved the frontline services during the year. The Manager launched the Mystery Shopper Programme to recognise top performers and cultivate a high-quality service culture at our shopping centres. Participants to the programme included all staff working at the shopping centres, irrespective of whether they are directly employed by The Link REIT or indirectly by the contractors. Disguised shoppers from an independent consultant, Hong Kong Quality Assurance Agency, visited the selected shopping centres to review, score and comment on the service levels of the frontline staff based on certain pre-defined criteria. The increasing average scores reported during the year indicates the service quality at our properties has been improving.

The Link Tenant Academy

The Link Tenant Academy held talks and workshops to help our tenants stay in tune with the latest market trends. It facilitates interaction and exchange of ideas as tenants share their experiences to sharpen their competitive edge. This year, nine seminars and workshops were conducted attracting over 1,200 attendees. Renowned speakers and experts were invited to share their experiences with the tenants, covering a wide range of topics including management concepts, retail business techniques, customer expectation and loyalty management, quality of catering and energy saving measures.

A lot of these seminars and workshops were attended by our small tenants, QIOs, who often have remarkable stories of their own, so that they can have a platform to share with each other their experiences, knowledge and business wisdom.

Delivering Results

Focusing on Daily Necessities

The Link REIT has been providing through its tenants daily necessities to its shoppers with approximately 50% of leased IFA (or by monthly rent) attributable to "Food and Beverage" and "Supermarket and Foodstuff" trades as at 31 March 2012.

Increasing Gross Sales

Average monthly retail gross sales per square foot during the year as reported by our tenants increased by 10.7% as compared to the previous year. "Food and Beverage" and "Supermarket and Foodstuff", the dominant daily necessity trades in our portfolio, recorded an encouraging year-on-year growth in gross sales per square foot of 11.6% and 8.5%, respectively, whilst "General Retail" recorded an increase of 10.9%.

This underlies the support from the shoppers on the Manager's strategy of enriching the shopping environment by adding product and service varieties, AEI upgrades and improved customer service.

Improving Operational Statistics

Overall occupancy rate of the portfolio improved slightly to 92.9% as at 31 March 2012 (31 March 2011: 91.5%) and composite reversion rate (on average 3-year lease) maintained at a healthy level of 21.7% against last year's 21.4%. Average monthly unit rent improved from HK$32.8 per square foot as at 31 March 2011 to HK$35.8 per square foot as at 31 March 2012, reflecting both the efforts of our leasing team and strong performance of our tenants.

Even as we are refining our trade mix and improving occupancy, our retention rate has remained stable throughout the years. In fact, the retention rate of 79.2% for the year has been driven by our tenants' loyalty and sustainability and increased footfall to our properties leading to more leases being renewed.

Operational Statistics for the Portfolio

Category	**Occupancy Rate**		**Composite Reversion Rate**		**Average Monthly Unit Rent Per Leased IFA**		**% of Total IFA**[1]
	As at 31 March 2012	As at 31 March 2011	**Year ended 31 March 2012**	Year ended 31 March 2011	**As at 31 March 2012**	As at 31 March 2011	**As at 31 March 2012**
	%	%	**%**	%	***HK$ psf***	*HK$ psf*	**%**
Shops	**95.2**	93.8	**23.4**	20.9	**36.0**	32.6	**81.6**
Markets/Cooked Food Stalls	**81.2**	81.8	**14.6**	22.8	**65.2**	63.0	**9.1**
Education/Welfare, Office and Ancillary	**84.7**	81.1	**14.2**	5.2	**6.2**	5.9	**9.3**
Total	**92.9**	91.5	**21.7**	21.4	**35.8**	32.8	**100.0**

Note:

(1) Total excluding self use office.

Car Park Portfolio

Car park portfolio comprises approximately 80,000 parking spaces and contributed about 20% of the total revenue of The Link REIT for the year.

Car park revenue grew 11.8% to HK$1,169 million (2011: HK$1,046 million) due to increasing demand and implementation of various parking incentive schemes. During the year, a number of enhancement initiatives were undertaken to upgrade the car park facilities, including increasing CCTV coverage, improved barrier-free access facilities, more energy efficient lighting systems, and more electric vehicle charging stations.

The car park operating margin further improved to 61.1% this year (2011: 58.5%) even excluding the write-back of an over provision for car park waiver fees.

Key Car Park Property Performance Indicators

	Year ended 31 March 2012	Year ended 31 March 2011
Car park space allocation – monthly *(%)*	**87.0**	87.0
Car park space allocation – hourly *(%)*	**13.0**	13.0
Gross receipts by monthly users *(%)*	**74.2**	74.5
Gross receipts by hourly users *(%)*	**25.8**	25.5
Utilisation of car park space *(%)*	**79.6**	75.0
Car park income per space per month *(HK$)*	**1,222**	1,095
Net property income margin *(%)*	**61.1** (1)	58.5
Number of electric vehicle charging stations	**55**	46

Note:

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

Acquisitions

During the year, The Link REIT embarked on a new initiative to grow its business inorganically. The Manager made two yield-accretive acquisitions in the Tseung Kwan O district in the New Territories of Hong Kong, namely, the commercial portion of Nan Fung Plaza ("**Nan Fung Plaza**") and the commercial accommodation of Maritime Bay ("**Maritime Bay**"), with consideration of HK$1,170 million and HK$577.6 million, respectively. This marks a new milestone in The Link REIT's business development and paved the way for further growth opportunities.

Nan Fung Plaza and Maritime Bay have been successfully integrated into The Link REIT's portfolio of assets following completion of the acquisitions in July 2011 and January 2012 respectively. Valuation of Nan Fung Plaza rose 8.2% from HK$1,130 million as at appraisal date on 1 June 2011 to HK$1,223 million as at 31 March 2012 while valuation of Maritime Bay rose 3.0% from HK$580 million as at appraisal date on 21 December 2011 to HK$597 million as at 31 March 2012.

Taking advantage of geographical synergies, the two newly acquired properties are expected to enhance the overall retail environment, better capture the growing catchments in the Hang Hau district in Tseung Kwan O and further leverage on the Manager's expertise in retail property management. The Manager believes that together with its existing assets, the two newly acquired properties will bring more business opportunities for tenants and a better shopping environment for shoppers in the nearby areas.

FINANCIAL PERFORMANCE

How have we done in the financial year ended 31 March 2012?

Key Performance Indicators

	How did we do?	How is this measured?	Why this matters to the business and management?
Financial Performance			
Total Revenue Growth	+10.8%	Percentage change in total revenue this year vs last year	Reflects income growth momentum as led by the asset management, asset enhancement and asset acquisition strategies
Property Operating Expenses Increase	+2.2%	Percentage change in property operating expenses this year vs last year	Reflects The Link REIT's continued efforts in cost management
Net Property Income Margin	70.5%	Net property income divided by total revenue	Reflects accomplishments from income growth and cost management
Distribution Per Unit	HK129.52 cents	Total distributable income for the year divided by the number of units outstanding at year end	Reflects sustainable growth of the business
Financial Position			
Portfolio Valuation Growth	+13.9%	Percentage change in valuation undertaken by independent valuer this year vs last year	Upward trend reflects improvement in net property income and enhanced conditions of our portfolio
Net Asset Value Per Unit Growth	+12.6%	Percentage change in total net asset value of The Link REIT divided by the number of units outstanding this year vs last year	Upward trend reflects sustainable growth of the business

Overall Results

Driven by the strong performance of our tenants and the Manager's efforts in cost containment, net property income grew 14.8% to HK$4,185 million (2011: HK$3,644 million) while total DPU for the year reached HK129.52 cents, an increase of 17.3% over HK110.45 cents in 2011.

In the year, there were two one-off cost items recorded in the consolidated income statement. Firstly, there was a write-back of an over provision for car park waiver fees accrued in prior periods. This was grouped under "Other Property Operating Expenses". Secondly, the related expenses for the two acquisitions were captured under "General and Administrative Expenses".

Revenue Analysis

Total revenue for the year increased to HK$5,932 million (2011: HK$5,353 million), mainly due to increased rental income from retail properties of HK$4,451 million (2011: HK$4,015 million), from car parks of HK$1,166 million (2011: HK$1,044 million) and from other property related income of HK$315 million (2011: HK$294 million).

Revenue Breakdown

	Year ended 31 March 2012 ***HK$M***	Year ended 31 March 2011 *HK$M*	Year on Year Change *%*	**Percentage contribution year ended 31 March 2012** ***%***
Retail rental income:				
Shops [1]	**3,575**	3,179	12.5	**60.2**
Markets/Cooked Food Stalls	**624**	600	4.0	**10.5**
Education/Welfare, Office and Ancillary	**129**	121	6.6	**2.2**
Mall Merchandising	**123**	115	7.0	**2.1**
Car parks revenue:				
Monthly	**865**	778	11.2	**14.6**
Hourly	**301**	266	13.2	**5.1**
Expenses recovery and other miscellaneous income:				
Property Related Income [2]	**315**	294	7.1	**5.3**
Total	**5,932**	5,353	10.8	**100.0**

Notes:

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

(2) Include income from retail properties of HK$312 million (2011: HK$292 million) and car park portfolio of HK$3 million (2011: HK$2 million).

Expenses Analysis

Total property operating expenses for the year increased 2.2% to HK$1,747 million (2011: HK$1,709 million). Amidst an inflationary environment, the Manager was able to contain costs at a reasonable level while improving its service quality to tenants and shoppers.

During the year, there was an increase in property managers' fees, security and cleaning expenses as the Manager agreed to reimburse its contractors affected by the Minimum Wage Ordinance which became effective on 1 May 2011. On top of this, the Manager offered additional reimbursement for paid rest-days and meal breaks. Staff costs also increased as the Manager strengthened its workforce, particularly in property management, in pursuit of improving its service quality.

The continuation of energy savings, and repair and maintenance initiatives which the Manager started in 2010, have delivered encouraging results. Electricity consumption dropped by 16 million kilowatt hours against last year and this savings favourably offset the increase in electricity tariff. Property condition has been further improved while the cost level has remained intact as compared to last year. We are confident the continued roll-out of these initiatives will deliver further savings in the next few years.

Expenses Breakdown

	Year ended 31 March 2012 *HK$'M*	Year ended 31 March 2011 *HK$'M*	Year on Year Change %	**Percentage contribution year ended 31 March 2012** %
Property managers' fees, security and cleaning	**494**	428	15.4	**28.3**
Staff costs	**277**	251	10.4	**15.9**
Utilities	**307**	310	(1.0)	**17.6**
Repair and maintenance	**216**	222	(2.7)	**12.4**
Government rent and rates	**172**	166	3.6	**9.8**
Promotion and marketing expenses	**95**	94	1.1	**5.4**
Estate common area costs	**105**	101	4.0	**6.0**
Other property operating expenses	**81**	137	(40.9)	**4.6**
Total property expenses	**1,747**	1,709	2.2	**100.0**

Financial Position

The Link REIT's financial position remains strong with total value of investment properties appraised at HK$76,672 million as at 31 March 2012 (31 March 2011: HK$67,318 million), an appreciation of 13.9% as compared to a year ago.

The increase in properties' overall rental income as well as the inclusion of the value of Nan Fung Plaza and Maritime Bay led to the increase. Net asset value per unit rose from HK$24.63 a year ago to HK$27.73 as at 31 March 2012, an increase of 12.6%.

Valuation Review

The valuation of the retail properties rose 13.6% from HK$57,510 million as at 31 March 2011 to HK$65,311 million as at 31 March 2012 while the value of the car parks rose 15.8% from HK$9,808 million as at 31 March 2011 to HK$11,361 million as at 31 March 2012.

Excluding the two new acquisitions, the value of the portfolio has increased by HK$7,534 million or 11.2% compared to a year ago.

The principal valuer of The Link REIT, Jones Lang LaSalle Limited, adopted a combination of the discounted cash flow ("**DCF**") and income capitalisation approaches to value The Link REIT's property portfolio. The increase in value of the retail properties was supported by the improved quality and rental growth prospect of the portfolio as driven by the increase in net property income of the portfolio, improved quality of specific properties which had undergone AEIs, and the acquisitions made in the year.

Valuation Approach

	As at 31 March 2012	As at 31 March 2011
Income Capitalisation Approach – Capitalisation Rate		
Retail properties	**5.00 – 7.00%**	5.00 – 7.00%
Retail properties: weighted average	**5.87%**	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%

Portfolio Breakdown

The top 10 properties, by retail value, contributed 26.7% of the portfolio's retail revenue given the improved quality and better trade mix of these assets within The Link REIT's portfolio, and included most of the properties that had undergone AEIs. The average monthly unit rent per square foot of the top 10 properties reached HK$50.4 as at 31 March 2012 (31 March 2011: HK$46.5). The 11th to 50th properties, a mixture of some AEI and non AEI centres, achieved average monthly unit rent per square foot of HK$38.1 as at 31 March 2012 (31 March 2011: HK$34.4).

Properties [1]

	Retail Properties Valuation *HK$'M*	Retail Revenue *HK$'M*	Average Monthly Unit Rent Per Leased IFA *HK$ psf*	Occupancy Rate *%*
1-10	18,076	1,272	50.4	97.2
11-50	30,044	2,117	38.1	93.9
51-100	14,186	1,128	28.6	91.2
Remaining Properties	3,005	246	19.7	86.6
Total	**65,311**	**4,763**	**35.8**	**92.9**

Note:

(1) Properties ranked by retail valuation as at 31 March 2012, including Nan Fung Plaza and Maritime Bay.

Capital Management

Key Performance Indicators

	How did we do?	How is this measured?	Why this matters to the business and management?
Capital Management			
Gearing	15.9%	Total borrowings divided by total assets	Indicates financial strength and the capacity to raise further debt
Net Interest Coverage	9.9 times	Operating profit before change in fair values of investment properties and depreciation divided by net interest expense	Measures the ability to service interest payments through operating profits
Average Facilities Maturity	4.3 years	Weighted average remaining life of committed debt facilities including banking facilities and notes	Indicates the pressure for refinancing or repayment in the future
Fixed Rate Debt	57%	Borrowings effectively in fixed rate divided by total borrowings	Measures the extent of debt affected by the risk of current market interest rate fluctuation
Average Life of Fixed Rate Debt/ Swap	5.0 years	Weighted average remaining life of fixed rate debt and floating-to-fixed interest rate swap	Measures how long the average interest rate protection is provided by the fixed rate debt/swap
Effective Interest Rate	3.35%	Weighted average interest rate for all the borrowings including amortisation of any upfront fee, notes issue discount and interest rate hedging	Indicates the cost of debt of The Link REIT at year end date

Debt Portfolio Management

Financial markets in the year was volatile amid concerns about the sovereign debt crisis in the Euro-zone and tightening monetary policies on mainland China. Liquidity squeeze in banking markets has resulted in higher corporate borrowing margins. However, The Link REIT has been able to secure a total of HK$6.5 billion funding at favourable rates. In the next financial year, The Link REIT has no refinancing needs while maintaining a high level of available liquidity.

Key financing transactions during the year 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. HK$1.25 billion of the club loan is revolving in nature.

- A total of HK$2.9 billion unsecured notes were issued under the Guaranteed Euro Medium Term Note Programme, including HK$0.5 billion 5-year notes, HK$1.1 billion 7-year notes, HK$0.8 billion 10-year notes and HK$0.5 billion 15-year notes. HK$1 billion equivalent amount of the notes was swapped into Hong Kong Dollars floating debts using interest rate swap and cross currency swap contracts.

- A total of HK$1.1 billion 3-year new bilateral loan facilities were signed with banks, of which an equivalent amount of HK$300 million loan denominated in Australian Dollars was swapped into Hong Kong Dollars loan using cross currency swap contract.

- The 2006 syndicated loan was fully repaid.

- HK$500 million notional principal amount of cash flow hedging interest rate swap was unwound. A fair value loss of HK$28.8 million originally recognised in the cash flow hedging reserve was realised as finance costs.

The overall average interest rate of the debt portfolio, after taking into account interest rate hedging, improved to 3.35% as at 31 March 2012 from 3.72% as at 31 March 2011. At the same time, average outstanding life of the Group's committed debt facilities was lengthened to 4.3 years as at 31 March 2012 from 3.4 years as at 31 March 2011. Debt maturities have been further spread out.

Committed Debt Facilities [1]

As at 31 March 2012

(HK$ billion)	Fixed Rate Debt[2]	Floating Rate Debt[2]	Utilised Facilities	Undrawn Facilities	Total Facilities
HKMC loan [3]	3.25	0.75	4.00	–	4.00
2011 Club Loan	0.70	0.55	1.25	1.25	2.50
Bilateral Loans	0.20	2.01	2.21	1.71	3.92
Medium Term Notes	2.97	2.03	5.00	–	5.00
Total	**7.12**	**5.34**	**12.46**	**2.96**	**15.42**
Percentage	**57%**	**43%**	**81%**	**19%**	**100%**

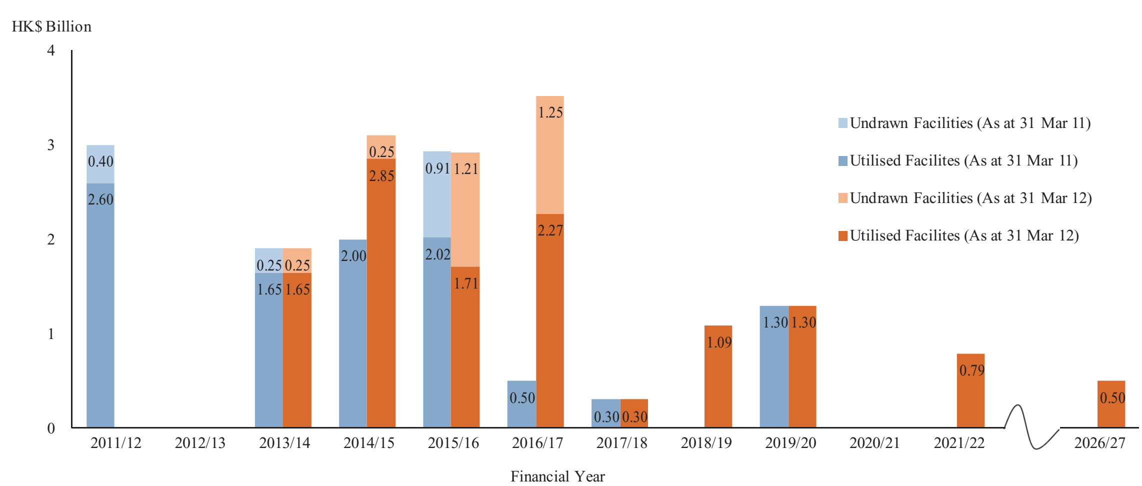
Notes:

(1) All amounts are at face value.

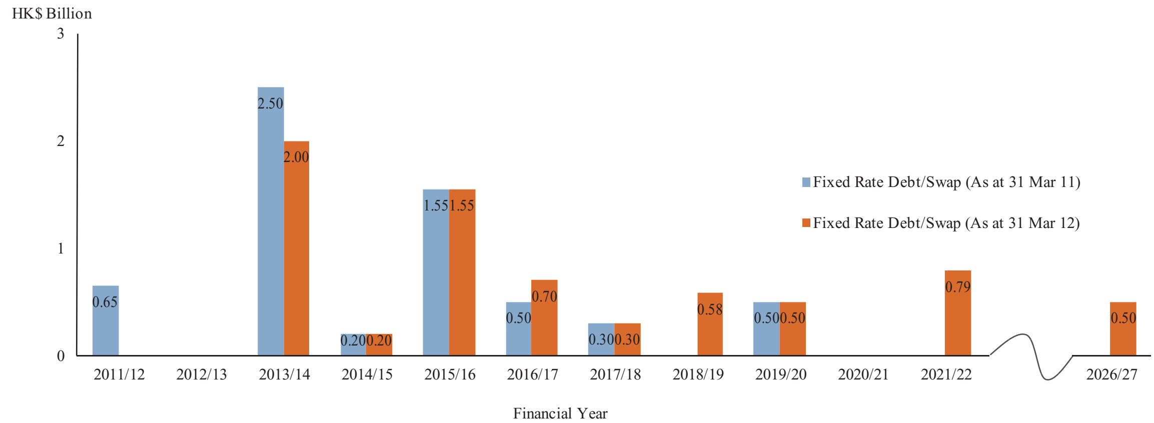
(2) After interest rate swaps.

(3) Loan from The Hong Kong Mortgage Corporation Limited ("**HKMC**").

Maturity Profile of Committed Debt Facilities



Maturity Profile of Fixed Rate Debt/Swap



Liquidity Management

The Link REIT has further increased its available liquidity in order to withstand a possible prolonged liquidity crunch and potentially capture any acquisition opportunity. As at 31 March 2012, available liquidity stood at HK$4.67 billion (31 March 2011: HK$2.41 billion), comprising HK$1.71 billion cash and deposits and HK$2.96 billion committed undrawn facilities.

All the deposits are placed with banks with strong credit ratings. As at 31 March 2012, all the deposits were held in banks with S&P credit rating of at least “A-” or equivalent. Counterparty risk is monitored on a regular basis while maximum counterparty exposure is limited by pre-defined deposit limits, which are assigned to each bank based primarily on its respective credit standing.

Credit Ratings

The Link REIT has been assigned strong credit ratings by rating agencies. The Link REIT’s credit ratings were affirmed by Standard and Poor’s at A/Stable on 22 December 2011 and by Moody’s Investors Service at A2/Stable on 28 September 2011.

OUTLOOK AND STRATEGY

Against the uncertainty in the global financial markets and the inflationary pressure facing the local economy, the Manager is confident that the retail segments it focuses on and the resilience of its portfolio would provide steady growth in the near term. The Manager would need to stay vigilant as inflation expectations may spiral upwards due to the persistingly high energy costs and rising labour costs.

The Manager will continue to execute its three-pronged business model – asset management, asset enhancement and asset acquisition.

The Manager’s asset management strategy will focus on tenant and staff sustainability, and improving the efficiency of its operations. Through active communication and extensive marketing events, the Manager hopes to further enhance the trading environment of our tenants. New learning platforms, training workshops and staff events will play a key role in building its talent pool and improving its staff well-being. Effective cost management will allow us to deliver a sustainable net property income growth from our existing portfolio.

Asset enhancement strategy will remain a vital growth driver for The Link REIT. The Manager will continue to upgrade and improve the trading environment and unlock the full potential of our assets. In the latest AEI pipeline, the Manager has added several rejuvenation projects of fresh markets. Riding on the success and experience gained from Tai Yuen Market, the Manager is confident that improvements undertaken in this business segment will be welcomed by shoppers and tenants alike.

While the organic growth prospect of our existing portfolio remains intact, the Manager could further create value by acquiring more properties given its proven asset management capabilities. Going forward, the Manager will continue to look for suitable properties to leverage on its financial and business strengths, to provide a better shopping environment for shoppers, to further advance our position as a leading retail property investor and manager and to deliver a satisfactory return to our Unitholders.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Note	**2012** HK$'M	2011 HK$'M
Revenues	2	**5,932**	5,353
Property operating expenses		**(1,747)**	(1,709)
Net property income		**4,185**	3,644
General and administrative expenses		**(269)**	(176)
Change in fair values of investment properties		**6,680**	12,812
Operating profit	4	**10,596**	16,280
Interest income		**33**	4
Finance costs on interest bearing liabilities		**(431)**	(501)
Profit before taxation and transactions with Unitholders		**10,198**	15,783
Taxation	5	**(596)**	(503)
Profit for the year, before transactions with Unitholders *(Note (i))*		**9,602**	15,280
Distributions paid to Unitholders:			
– 2010 final distribution		–	(1,079)
– 2011 interim distribution		–	(1,172)
– 2011 final distribution		**(1,286)**	–
– 2012 interim distribution		**(1,420)**	–
		6,896	13,029
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units		**6,943**	13,169
Amount arising from cash flow hedging reserve movement		**(47)**	(140)
		6,896	13,029

Notes:

(i) 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.

(ii) Total Distributable Income (as defined in the trust deed constituting The Link REIT (the "**Trust Deed**")) 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 2 August 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Note	**Before transactions with Unitholders** *HK$'M*	**Transactions with Unitholders** *(Note (i))* *HK$'M*	**After transactions with Unitholders** *HK$'M*
For the year ended 31 March 2012				
Profit for the year		**9,602**	**(9,649)**	**(47)**
Other comprehensive income				
– Cash flow hedging reserve		**47**	**–**	**47**
Total comprehensive income for the year	*(ii)*	**9,649**	**(9,649)**	**–**
For the year ended 31 March 2011				
Profit for the year		15,280	(15,420)	(140)
Other comprehensive income				
– Cash flow hedging reserve		140	–	140
Total comprehensive income for the year	*(ii)*	15,420	(15,420)	–

Notes:

(i) Transactions with Unitholders comprise the distributions to Unitholders of HK$2,706 million (2011: HK$2,251 million) and change in net assets attributable to Unitholders, excluding issues of new units, of HK$6,943 million (2011: HK$13,169 million).

(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 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 YEAR ENDED 31 MARCH 2012

	2012 HK$'M	2011 HK$'M
Profit for the year, before transactions with Unitholders	**9,602**	15,280
Adjustments:		
– Change in fair values of investment properties	**(6,680)**	(12,812)
– Other non-cash income	–	(10)
Total Distributable Income *(Note (i))*	**2,922**	2,458
Interim distribution, paid	**1,420**	1,172
Final distribution, to be paid to the Unitholders	**1,502**	1,286
Total distributions for the year *(Note (ii))*	**2,922**	2,458
As a percentage of Total Distributable Income	**100%**	100%
Units in issue at 31 March	**2,262,372,930**	2,232,284,540
Distributions per unit to Unitholders:		
– Interim distribution per unit, paid *(Note (iii))*	**HK63.11 cents**	HK52.86 cents
– Final distribution per unit, to be paid to the Unitholders *(Note (iv))*	**HK66.41 cents**	HK57.59 cents
Distribution per unit for the year	**HK129.52 cents**	HK110.45 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 has decided to distribute 100% (2011: 100%) of Total Distributable Income as the distribution for the year ended 31 March 2012. The interim distribution was paid to Unitholders on 13 January 2012. The final distribution will be paid to Unitholders on or about 2 August 2012.

(iii) The interim distribution per unit of HK63.11 cents for the six months ended 30 September 2011 was 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.

(iv) The final distribution per unit of HK66.41 cents for the year ended 31 March 2012 is calculated based on the final distribution to be paid to the Unitholders of HK$1,502 million for the second half of the financial year and 2,262,372,930 units in issue as at 31 March 2012. The final distribution per unit of HK57.59 cents for the year ended 31 March 2011 was calculated based on the final distribution of HK$1,286 million for the period and 2,232,284,540 units in issue as at 31 March 2011.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 HK$'M	2011 HK$'M
Non-current assets			
Goodwill		**331**	281
Investment properties		**76,672**	67,318
Property, plant and equipment		**76**	76
Derivative financial instruments		**191**	34
		77,270	67,709
Current assets			
Trade and other receivables	*7*	**188**	159
Deposits and prepayments		**55**	32
Short-term bank deposits		**1,562**	155
Cash and cash equivalents		**150**	699
		1,955	1,045
Total assets		**79,225**	68,754
Current liabilities			
Trade payables, receipts in advance and accruals	*8*	**1,118**	1,026
Security deposits		**897**	739
Provision for taxation		**179**	139
Current portion of long-term incentive plan provision		**51**	38
Interest bearing liabilities	*9*	**–**	2,598
Derivative financial instruments		**–**	37
		2,245	4,577
Net current liabilities		**290**	3,532
Total assets less current liabilities		**76,980**	64,177
Non-current liabilities, excluding net assets attributable to Unitholders			
Long-term incentive plan provision		**35**	29
Interest bearing liabilities	*9*	**12,595**	7,782
Derivative financial instruments		**329**	332
Deferred tax liabilities		**1,286**	1,059
		14,245	9,202
Total liabilities, excluding net assets attributable to Unitholders		**16,490**	13,779
Net assets attributable to Unitholders		**62,735**	54,975
Units in issue		**2,262,372,930**	2,232,284,540
Net assets per unit attributable to Unitholders		**HK$27.73**	HK$24.63

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

FOR THE YEAR ENDED 31 MARCH 2012

	Total equity *HK$'M*	Net assets attributable to Unitholders *HK$'M*	Total *HK$'M*
Net assets attributable to Unitholders at 1 April 2011	**–**	**54,975**	**54,975**
Issuance of units			
– under distribution reinvestment scheme	**–**	**774**	**774**
– under long-term incentive plan	**–**	**43**	**43**
Profit for the year ended 31 March 2012, before transactions with Unitholders	**–**	**9,602**	**9,602**
Distributions paid to Unitholders			
– 2011 final distribution	**–**	**(1,286)**	**(1,286)**
– 2012 interim distribution	**–**	**(1,420)**	**(1,420)**
Change in fair values of cash flow hedges	**(173)**	**–**	**(173)**
Amount transferred to the consolidated income statement	**220**	**–**	**220**
Amount arising from cash flow hedging reserve movement	**(47)**	**47**	**–**
Change in net assets attributable to Unitholders for the year ended 31 March 2012, excluding issues of new units	**–**	**6,943**	**6,943**
Net assets attributable to Unitholders at 31 March 2012	**–**	**62,735**	**62,735**
Net assets attributable to Unitholders at 1 April 2010	–	41,145	41,145
Issuance of units			
– under distribution reinvestment scheme	–	625	625
– under long-term incentive plan	–	36	36
Profit for the year ended 31 March 2011, before transactions with Unitholders	–	15,280	15,280
Distributions paid to Unitholders			
– 2010 final distribution	–	(1,079)	(1,079)
– 2011 interim distribution	–	(1,172)	(1,172)
Change in fair values of cash flow hedges	(191)	–	(191)
Amount transferred to the consolidated income statement	331	–	331
Amount arising from cash flow hedging reserve movement	(140)	140	–
Change in net assets attributable to Unitholders for the year ended 31 March 2011, excluding issues of new units	–	13,169	13,169
Net assets attributable to Unitholders at 31 March 2011	–	54,975	54,975

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	**2012**	2011
		HK$'M	*HK$'M*
Operating activities			
Net cash generated from operating activities		**3,770**	3,365
Investing activities			
Acquisition of businesses	*11*	**(1,748)**	–
Additions to investment properties		**(858)**	(725)
Additions to property, plant and equipment		**(27)**	(16)
Proceeds from disposal of property, plant and equipment		**–**	1
Interest income received		**27**	4
(Increase)/decrease in short-term bank deposits with original maturity of more than three months		**(1,407)**	88
Net cash used in investing activities		**(4,013)**	(648)
Financing activities			
Proceeds from interest bearing liabilities, net of transaction costs		**14,345**	4,682
Repayment of interest bearing liabilities		**(12,290)**	(5,230)
Interest expenses paid on interest bearing liabilities		**(429)**	(477)
Distributions paid to Unitholders		**(1,932)**	(1,626)
Net cash used in financing activities		**(306)**	(2,651)
Net (decrease)/increase in cash and cash equivalents		**(549)**	66
Cash and cash equivalents at 1 April		**699**	633
Cash and cash equivalents at 31 March		**150**	699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

(a) Statement of compliance

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 (the "**REIT Code**") issued by the Securities and Futures Commission of Hong Kong. HKFRSs is a collective term which includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

As at 31 March 2012, the Group's current liabilities exceeded its current assets by HK$290 million (2011: HK$3,532 million). Taking into account the unutilised committed bank loan facilities of HK$2,960 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 consolidated financial statements.

(b) Accounting convention and functional currency

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, derivative financial instruments and long-term incentive plan awards.

The consolidated financial statements are presented in millions of Hong Kong Dollars, the functional currency of The Link REIT.

(c) Adoption of new and revised HKFRSs

For the year ended 31 March 2012, the Group has adopted all the new standards, amendments and interpretations that are currently in issue and effective.

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 the results and financial position of the Group.

1 Basis of preparation (continued)

(c) Adoption of new and revised HKFRSs (continued)

The following new standards, amendments and interpretations, which have been published but are not yet effective, have not been early adopted in these consolidated financial statements. 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]
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities [3]
HKFRS 1 Amendments	Government Loans [2]
HKFRS 1 Amendments	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [4]
HKFRS 7 Amendments	Disclosures – Transfers of Financial Assets [4]
HKFRS 7 Amendments	Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
HKFRS 7 Amendments	Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures [5]
HKFRS 9	Financial Instruments [5]
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]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine [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 January 2014
[4] effective for accounting periods beginning on or after 1 July 2011
[5] effective for accounting periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised 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, it is unlikely to have a significant impact on the Group's results of operations and financial position.

2 Revenues

Revenues recognised during the year comprise:

	2012	2011
	HK$'M	*HK$'M*
Rental income from retail properties	**4,451**	4,015
Gross rental revenue from car parks	**1,166**	1,044
	5,617	5,059
Other revenues		
– Air conditioning service fees	**291**	276
– Other property related income	**24**	18
	315	294
Total revenues	**5,932**	5,353

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK$125 million (2011: HK$84 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 2012				
Revenues	**4,763**	**1,169**	**–**	**5,932**
Segment results	**3,413**	**772**	**(269)**	**3,916**
Change in fair values of investment properties	**5,189**	**1,491**	**–**	**6,680**
Interest income				**33**
Finance costs on interest bearing liabilities				**(431)**
Profit before taxation and transactions with Unitholders				**10,198**
Taxation				**(596)**
Profit for the year, before transactions with Unitholders				**9,602**
Capital expenditure	**2,612**	**62**	**25**	**2,699**
Depreciation	**–**	**–**	**(25)**	**(25)**
As at 31 March 2012				
Segment assets	**65,456**	**11,410**	**125**	**76,991**
Goodwill				**331**
Derivative financial instruments				**191**
Short-term bank deposits				**1,562**
Cash and cash equivalents				**150**
Total assets				**79,225**
Segment liabilities	**1,590**	**136**	**289**	**2,015**
Provision for taxation				**179**
Long-term incentive plan provision				**86**
Interest bearing liabilities				**12,595**
Derivative financial instruments				**329**
Deferred tax liabilities				**1,286**
Total liabilities, excluding net assets attributable to Unitholders				**16,490**
Net assets attributable to Unitholders				**62,735**

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 2011				
Revenues	4,307	1,046	–	5,353
Segment results	3,032	612	(176)	3,468
Change in fair values of investment properties	11,495	1,317	–	12,812
Interest income				4
Finance costs on interest bearing liabilities				(501)
Profit before taxation and transactions with Unitholders				15,783
Taxation				(503)
Profit for the year, before transactions with Unitholders				15,280
Capital expenditure	700	25	16	741
Depreciation	–	–	(24)	(24)
As at 31 March 2011				
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				68,754
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				13,779
Net assets attributable to Unitholders				54,975

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

	2012 *HK$'M*	2011 *HK$'M*
Operating profit before finance costs, taxation and transactions with Unitholders is stated after charging:		
Staff costs	**405**	364
Depreciation of property, plant and equipment	**25**	24
Loss on disposal of property, plant and equipment	**–**	1
Trustee's fee	**6**	4
Valuation fee	**4**	4
Auditor's remuneration		
– audit service	**4**	4
– non-audit service	**4**	2
Bank charges	**4**	3
Operating lease charges	**13**	13
Other legal and professional fees	**22**	10
Commission to property agents	**12**	–

5 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

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

	2012 *HK$'M*	2011 *HK$'M*
Current taxation	**370**	310
Deferred taxation		
– Accelerated depreciation allowances	**226**	193
Taxation	**596**	503

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:

	2012 *HK$'M*	2011 *HK$'M*
Profit before taxation	**10,198**	15,783
Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**1,683**	2,604
Tax effect of non-deductible expenses	**21**	14
Tax effect of non-taxable income	**(1,108)**	(2,114)
Adjustment in respect of prior years	**–**	(1)
Taxation	**596**	503

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

	2012	2011
Profit after taxation and before transactions with Unitholders	**HK$9,602 million**	HK$15,280 million
Weighted average number of units for the year for calculating basic earnings per unit	**2,246,879,750**	2,215,158,272
Adjustment for dilutive contingently issuable units under long-term incentive plan	**2,576,563**	2,294,244
Weighted average number of units for the year for calculating diluted earnings per unit	**2,249,456,313**	2,217,452,516
Basic earnings per unit based upon profit after taxation and before transactions with Unitholders	**HK$4.27**	HK$6.90
Diluted earnings per unit based upon profit after taxation and before transactions with Unitholders	**HK$4.27**	HK$6.89

7 Trade and other receivables

	2012	2011
	HK$'M	*HK$'M*
Trade receivables	**55**	55
Less: provision for impairment of trade receivables	**(2)**	(4)
Trade receivables – net	**53**	51
Other receivables	**135**	108
	188	159

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

7 Trade and other receivables (continued)

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:

	2012	2011
	HK$'M	*HK$'M*
0 – 30 days	**51**	48
31 – 90 days	**2**	4
Over 90 days	**2**	3
	55	55

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.

Included in the net trade receivables of HK$53 million (2011: HK$51 million) presented above were HK$31 million (2011: HK$28 million) of accrued car park income and HK$11 million (2011: HK$7 million) of accrued turnover rent, which were not yet due as at 31 March 2012. The remaining HK$11 million (2011: HK$16 million) were past due but not impaired.

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

	2012	2011
	HK$'M	*HK$'M*
0 – 30 days	**9**	13
31 – 90 days	**2**	3
	11	16

As at 31 March 2012, trade receivables of HK$2 million (2011: 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:

	2012	2011
	HK$'M	*HK$'M*
31 – 90 days	**–**	1
Over 90 days	**2**	3
	2	4

7 Trade and other receivables (continued)

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

	2012	2011
	HK$'M	*HK$'M*
At 1 April	**4**	4
Provision for impairment of trade receivables	**1**	4
Receivables written off during the year as uncollectible	**(3)**	(4)
At 31 March	**2**	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

	2012	2011
	HK$'M	*HK$'M*
Trade payables	**74**	75
Receipts in advance	**127**	123
Accruals	**917**	828
	1,118	1,026

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

The ageing analysis of trade payables is as follows:

	2012	2011
	HK$'M	*HK$'M*
0 – 30 days	**38**	60
31 – 90 days	**34**	14
Over 90 days	**2**	1
	74	75

9 Interest bearing liabilities

	2012	2011
	HK$'M	*HK$'M*
Bank borrowings	**3,491**	4,268
HKMC loan (secured)	**4,000**	4,000
Medium term notes	**5,104**	2,112
	12,595	10,380
Less: current portion of interest bearing liabilities	**–**	(2,598)
Non-current portion of interest bearing liabilities	**12,595**	7,782

Interest bearing liabilities are repayable as follows:

	2012	2011
	HK$'M	*HK$'M*
Due in the first year		
Bank borrowings	**–**	2,598
Due in the second year		
HKMC loan (secured)	**1,000**	–
Bank borrowings	**694**	–
	1,694	–
Due in the third year		
HKMC loan (secured)	**2,000**	1,000
Bank borrowings	**854**	664
	2,854	1,664
Due in the fourth year		
HKMC loan (secured)	**1,000**	2,000
Bank borrowings	**708**	–
	1,708	2,000
Due in the fifth year		
Bank borrowings	**1,235**	1,006
HKMC loan (secured)	**–**	1,000
Medium term notes	**1,011**	–
	2,246	2,006
Due beyond the fifth year		
Medium term notes	**4,093**	2,112
	12,595	10,380

9 Interest bearing liabilities (continued)

Notes:

(i) Except for a bank loan of HK$445 million (2011: HK$415 million) which is denominated in New Zealand Dollars, bank loan of HK$308 million (2011: Nil) and medium term notes of HK$200 million (2011: Nil) which are 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 3.35% (2011: 3.72%). The carrying amounts of the interest bearing liabilities approximate their fair values.

10 Security for the Group's loan facilities

As at 31 March 2012, certain of the Group's investment properties, amounting to approximately HK$7.6 billion (2011: HK$6.9 billion), were pledged to secure the loan from HKMC. No property was pledged to secure any bank loan or medium term note.

11 Acquisition of businesses

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 Nan Fung Plaza from certain vendors which are companies of the Nan Fung group at a cash consideration of HK$1,170 million. The transaction was completed on 11 July 2011.

On 22 December 2011, The Link REIT, through a wholly owned subsidiary, entered into a sale and purchase agreement to acquire the entire issued share capital of Great Land (HK) Limited from King Chance Development Limited, which is a direct wholly-owned subsidiary of Sino Land Company Limited. Great Land (HK) Limited is the sole registered owner of the commercial accommodation of Maritime Bay and the transaction was completed on 16 January 2012 at a consideration of HK$577.6 million.

The acquisitions are expected to enhance distribution yield of The Link REIT and, through adding quality income-producing properties, drive synergy value among The Link REIT's existing portfolio.

Nan Fung Plaza contributed revenues of HK$48 million and NPI of HK$37 million since the acquisition date, while such information before the acquisition date is not available to The Link REIT.

Maritime Bay contributed revenues of HK$7 million and profits after taxation of HK$21 million since the acquisition date. Should the results of Great Land (HK) Limited be consolidated from 1 April 2011, revenues of HK$83 million and profits after taxation of HK$152 million would have been contributed to the Group.

11 Acquisition of businesses (continued)

The fair values of the assets and liabilities and goodwill arising from the acquisitions are as follows:

	Nan Fung Plaza Fair value *HK$'M*	Maritime Bay Fair value *HK$'M*	Total Fair value *HK$'M*
Investment properties *(Note)*	1,130	580	1,710
Other net current liabilities	–	(11)	(11)
Deferred tax liabilities	–	(1)	(1)
Net assets acquired	1,130	568	1,698
Goodwill	40	10	50
Cash outflow on acquisitions	1,170	578	1,748
Acquisition-related costs (included in "General and administrative expenses" in the consolidated income statement for the year ended 31 March 2012)	63	7	70

Note: Nan Fung Plaza and Maritime Bay were revalued at 1 June 2011 and 21 December 2011 respectively by Jones Lang LaSalle Limited, the principal valuer of The Link REIT. These approximate the fair values of the investment properties at their acquisition dates.

HUMAN RESOURCES

The Manager's remuneration policy is to provide an equitable, motivating and competitive remuneration package with a view to attracting, motivating and retaining high performing staff. The remuneration policies and practices will be reviewed regularly with the assistance of independent consultants in order to keep in line with market trends and practices. As at 31 March 2012, the Manager had 833 staff (31 March 2011: 798).

The Management Trainee Programme continues into its second year with fresh graduates recruited from local universities. These trainees undergo a two-year intensive programme incorporating on-the-job training and job rotations to different functions of the Manager. Summer trainees were also recruited from local universities during the year and with the intention that they could be a source of talented candidates for the Management Trainee Programme.

In an effort to strengthen our capability to hire highly qualified candidates, the Manager introduced an Employee Referral Programme. Through this programme, a referral award will be granted to those who have successfully referred others to fill vacant positions of the Manager.

A new e-learning platform was launched during the year by the Manager. Through this platform, colleagues can enroll in different kinds of learning courses and register for staff events. It is hoped that the platform can link all colleagues together and provide them with updated information and knowledge. It is also an effective platform for self-paced learning and views exchange and it will encourage colleagues to add value to themselves.

AWARDS

The Link REIT's efforts in corporate social responsibility, green initiatives, corporate governance, and service and branding have been well recognised. We have received numerous prestigious and respected awards, both local and international ones, as listed below:

Awards	Corporate/Events	Date
Corporate social responsibility and green initiatives		
Hong Kong Public Relations Excellence Award	"Eco Terrace" Community Engagement Project at Lok Fu Plaza	April 2011
Certificate of the Caring Company Scheme	Corporate	May 2011
Corporate Social Responsibility Awards	Corporate	May 2011
Certificate of Commendation Scheme for Commercial and Industrial Waste	Corporate	August 2011
Asian CSR Awards in Environmental Excellence – Revitalisation Project of Tai Yuen Market	Corporate	October 2011
International Council of Shopping Centers Asia Pacific Shopping Centre Gold Award in Cause Related Marketing	"Eco Terrace" Community Engagement Project at Lok Fu Plaza	November 2011
HKQAA-HSBC CSR Advocate Mark	Corporate	November 2011
Second Hong Kong Outstanding Corporate Citizenship Awards	Corporate	December 2011
U Green Awards 2011	Corporate	May 2012
2011 Hong Kong Awards for Environmental Excellence, Property Management (Certificate of Merit)	Corporate	May 2012
Caring Company Certificate for 5th Year in a Row	Corporate	May 2012
FuturArc Green Leadership Awards 2012 – Merit for Tai Yuen Market	Corporate	June 2012

Awards	Corporate/Events	Date
Corporate Governance		
Asia Pacific Entrepreneurship Awards' Outstanding Entrepreneurship Award	Chief Executive Officer and Executive Director	July 2011
Directors of the Year Awards:		November 2011
–Non-Executive Directors Categories	Chairman	
–Executive Directors Categories	Chief Executive Officer and Executive Director	
Hong Kong Outstanding Enterprise Awards	Corporate	December 2011
Corporate		
Hong Kong Esteemed Brands Awards	Corporate	December 2011
Hong Kong's Most Popular Cooked Food Stall, 12th China Restaurants Golden Horse Awards	Wong Tai Sin Cooked Food Stall	March 2012
AsianInvestor's 2012 Investment Performance Awards, Reits, Asia Pacific	Corporate	May 2012
FinanceAsia – Hong Kong: – Most committed to a Strong Dividend Policy (ranked 1st) – Best Managed Company (ranked 2nd) – Best CEO (Runner-up) – Best Investor Relations (ranked 2nd) – Best Corporate Social Responsibility (ranked 3rd) – Best Corporate Governance (ranked 4th)	Corporate	May 2012

All these awards serve as recognition that encourages us to work harder towards our vision of becoming a world class real estate investor and manager.

REVIEW BY AUDIT COMMITTEE

The final results and the consolidated financial statements of the Group for the year ended 31 March 2012 had been reviewed by the Audit Committee, in conjunction with The Link REIT's external auditor, PricewaterhouseCoopers.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in this final results announcement have been agreed by PricewaterhouseCoopers, the external auditor, to the amounts set out in the audited consolidated financial statements for the year ended 31 March 2012 of The Link REIT. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and, consequently, no assurance has been expressed by PricewaterhouseCoopers on this final results announcement.

FINAL DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

The final distribution of HK66.41 cents per unit for the year ended 31 March 2012 will be paid on or around Thursday, 2 August 2012 to Unitholders whose names appear on the register of Unitholders of The Link REIT on Monday, 25 June 2012. For the purpose of ascertaining Unitholders' entitlement to the final distribution, the register of Unitholders of The Link REIT will be closed from Thursday, 21 June 2012 to Monday, 25 June 2012, both days inclusive, during which period no transfer of units will be registered. In order to qualify for the final 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 (the "**Unit Registrar**"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Wednesday, 20 June 2012.

Further, for the purpose of ascertaining Unitholders' right to attend the forthcoming annual general meeting of the Unitholders of The Link REIT proposed to be held on Wednesday, 25 July 2012, the register of Unitholders of The Link REIT will also be closed from Monday, 23 July 2012 to Wednesday, 25 July 2012, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant unit certificates must be lodged with the Unit Registrar (at the address above) for registration not later than 4:30 pm on Friday, 20 July 2012.

DISTRIBUTION REINVESTMENT SCHEME

A distribution reinvestment scheme will be made available to eligible Unitholders with a registered address in Hong Kong, who may elect to receive the final distribution for the year ended 31 March 2012 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 Monday, 25 June 2012, and a circular containing details of such scheme together with the relevant election form or entitlement advice will be despatched to Unitholders on or around Wednesday, 4 July 2012.

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

During the year ended 31 March 2012, neither the Manager nor any of the subsidiaries of The Link REIT purchased, sold or redeemed any of The Link REIT's listed units.

ISSUE OF NEW UNITS

During the year ended 31 March 2012, 30,088,390 new units in aggregate were issued. Among them, 1,569,293 new units were issued pursuant to the long-term incentive plan of The Link REIT. In addition, 15,827,490 new units were issued on 26 July 2011 at an issue price of HK$26.51 per unit pursuant to the final distribution reinvestment scheme in respect of the year ended 31 March 2011 and 12,691,607 new units were issued on 13 January 2012 at an issue price of HK$27.86 per unit pursuant to the interim distribution reinvestment scheme in respect of the six months ended 30 September 2011.

PUBLIC FLOAT

As at 31 March 2012, based on the information publicly available to the Manager, more than 25% of the issued units of The Link REIT was held in public hands.

CORPORATE GOVERNANCE

During the year ended 31 March 2012, 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, and the corporate governance policy contained in the compliance manual of the Manager.

Throughout the year ended 31 March 2012, the Manager and The Link REIT applied the principles and met the code provisions in the Code on Corporate Governance Practices contained in the old Appendix 14 to the Listing Rules, where appropriate, which were in effect up till 31 March 2012.

A full corporate governance report will be included in The Link REIT's Annual Report 2012.

DESPATCH OF ANNUAL REPORT 2012

The Annual Report 2012 of The Link REIT will be despatched to Unitholders on or about Monday, 25 June 2012.

ANNUAL GENERAL MEETING OF THE UNITHOLDERS

It is proposed that the forthcoming annual general meeting of the Unitholders of The Link REIT will be held on Wednesday, 25 July 2012. Notice convening the meeting will be issued to the Unitholders in accordance with the requirements of the REIT Code, the Listing Rules, the Trust Deed and other applicable requirements.

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, 6 June 2012

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