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 2014

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 to unitholders (the "**Unitholders**") the audited consolidated final results of The Link REIT and its subsidiaries (the "**Group**") for the year ended 31 March 2014.

The final results and the consolidated financial statements of the Group for the year ended 31 March 2014, after review by the audit committee of the Manager (the "**Audit Committee**"), were approved by the Board on 4 June 2014.

OVERALL FINANCIAL RESULTS

The Link REIT continued to record solid growth for this financial year. During the year, revenue and net property income increased by 10.0% and 12.7% year-on-year to HK$7,155 million (2013: HK$6,506 million) and HK$5,202 million (2013: HK$4,616 million), respectively. Distribution per unit ("**DPU**") for the year increased by 13.2% year-on-year to HK165.74 cents (2013: HK146.46 cents), comprising an interim DPU of HK80.22 cents (2013: HK71.08 cents) and a final DPU of HK85.52 cents (2013: HK75.38 cents). The total DPU represents a distribution yield of 4.3% based on the closing market price of the units of HK$38.15 on 31 March 2014. The Manager has continued its policy of distributing 100% of The Link REIT's distributable income. Our distribution reinvestment scheme has been suspended since interim distribution for the year 2013/14.

Valuation of the investment properties portfolio continued to improve and reached HK$109,899 million, representing an increase of 15.2% compared to 31 March 2013. Net asset value per unit grew 16.8% year-on-year to HK$41.69 (31 March 2013: HK$35.68).

FINANCIAL REVIEW

Revenue Analysis

Supported by strong consumer sentiment, rising household income from favourable employment conditions, and the enhanced appeal of our shopping centres resulting from our property management and asset enhancement programmes, total revenue surged 10.0% to HK$7,155 million (2013: HK$6,506 million), comprising rental income from retail properties of HK$5,326 million (2013: HK$4,872 million), car parks of HK$1,494 million (2013: HK$1,315 million) and other property related revenue of HK$335 million (2013: HK$319 million).

	Year ended 31 March 2014 *HK$'M*	Year ended 31 March 2013 *HK$'M*	Year-on-year change %	**Percentage contribution in year ended 31 March 2014** %
Retail rentals:				
Shops [(1)]	**4,338**	3,974	9.2	**60.6**
Markets/Cooked Food Stalls	**695**	640	8.6	**9.7**
Education/Welfare, Office and Ancillary	**137**	128	7.0	**1.9**
Mall Merchandising	**156**	130	20.0	**2.2**
Car park rentals:				
Monthly	**1,108**	973	13.9	**15.5**
Hourly	**386**	342	12.9	**5.4**
Expenses recovery and other miscellaneous revenue:				
Property related revenue [(2)]	**335**	319	5.0	**4.7**
Total	**7,155**	6,506	10.0	**100.0**

Notes:

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

(2) Including other revenue from retail properties of HK$331 million (2013: HK$316 million) and car parks of HK$4 million (2013: HK$3 million).

Expense Analysis

Total property operating expenses for the year increased 3.3% to HK$1,953 million (2013: HK$1,890 million). In spite of inflationary pressure and the increase in the minimum wage during the year, we managed to contain cost increments at low level raising our net property income margin to 72.7%.

	Year ended 31 March 2014 *HK$'M*	Year ended 31 March 2013 *HK$'M*	Year-on-year change *%*	**Percentage contribution in year ended 31 March 2014** *%*
Property managers' fees, security and cleaning	**543**	499	8.8	**27.8**
Staff costs	**325**	326	(0.3)	**16.6**
Repair and maintenance	**200**	205	(2.4)	**10.2**
Utilities	**296**	305	(3.0)	**15.2**
Government rent and rates	**209**	187	11.8	**10.7**
Promotion and marketing expenses	**111**	109	1.8	**5.7**
Estate common area costs	**114**	116	(1.7)	**5.8**
Other property operating expenses	**155**	143	8.4	**8.0**
Total property operating expenses	**1,953**	1,890	3.3	**100.0**

As a result of the increase in the statutory minimum wage in Hong Kong since May 2013, property managers' fees for the year increased by 8.8%.

Effective energy management measures promoted operating efficiency. Despite an increase in electricity tariffs, utilities expenses decreased by 3.0% compared to last year as a result of continuous efforts in the energy management programme, in particular chiller replacement, electricity consumption control, and lighting improvement.

Repair and maintenance costs were reduced following improvements to our properties and efficient management of works.

Government rent and rates have increased primarily because of a reduction in the Government rates concession during the year. Meanwhile, rateable value increased in-line with rental increases, contributing to the increase in the expenses.

Promotion and marketing expenses remained steady with numerous innovative marketing campaigns introduced during the year to attract more shoppers to our properties.

Valuation Review

The total value of The Link REIT's investment properties increased 15.2% to HK$109,899 million (31 March 2013: HK$95,366 million). As at 31 March 2014, the value of the retail properties increased 13.9% from HK$80,090 million as at 31 March 2013 to HK$91,245 million. The value of car parks also increased 22.1% from HK$15,276 million as at 31 March 2013 to HK$18,654 million.

Pursuant to the requirements of the Code on Real Estate Investment Trusts (the "**REIT Code**"), Jones Lang LaSalle Limited retired after serving a consecutive term of three years and CBRE Limited ("**CBRE**") was appointed as the principal valuer of The Link REIT and valued The Link REIT's property portfolio as at 31 March 2014.

CBRE used a combination of discounted cash flow ("**DCF**") and income capitalisation approaches to value The Link REIT's portfolio. The uplift in valuation was largely due to the increase in net property income of the portfolio in general and the lowering of the capitalisation rates of part of the portfolio to reflect the improved quality and rental growth prospects of those properties.

Valuation Approach

	As at 31 March 2014	As at 31 March 2013
Income Capitalisation Approach – Capitalisation Rate		
Retail properties	**4.40 – 6.60%**	4.50 – 6.75%
Retail properties: weighted average	**5.09%**	5.20%
Car parks	**4.80 – 7.60%**	5.00 – 8.25%
Car parks: weighted average	**6.16%**	6.42%
Overall weighted average	**5.27%**	5.39%
DCF Approach		
Discount rate	**7.50%**	7.50%

Capital Management

We have taken a proactive capital management approach in response to the changing market conditions. During the year ended 31 March 2014, total debt declined to HK$12.56 billion (31 March 2013: HK$13.36 billion). With increase in property valuation, our gearing level dropped to 11.0% (31 March 2013: 13.6%).

During the year under review, The Link REIT issued HK$350 million 7-year unsecured notes at a fixed rate of 3.15% per annum under the Guaranteed Euro Medium Term Note ("**MTN**") Programme and signed a total of HK$2 billion 5-year new unsecured bilateral bank loan facilities at an average all-in cost of HIBOR + 1.275% per annum.

A HK$650 million bilateral bank loan was repaid in September 2013. In order to further improve our credit rating, we will gradually refinance all secured debts from The Hong Kong Mortgage Corporation Limited when they fall due with unsecured facilities. The first HK$1 billion tranche of secured loan was repaid in May 2013. The second HK$2 billion tranche and the final HK$1 billion tranche of secured loans are scheduled for repayment in May 2014 and May 2015, respectively. Accordingly, by May 2015, no property of the Group will be pledged.

Committed Debt Facilities[1] *(as at 31 March 2014)*

(HK$ billion)	**Fixed rate debt**[2]	**Floating rate debt**[2]	**Utilised facilities**	**Undrawn facilities**	**Total committed facilities**
Secured loan	0.75	2.25	3.00	–	3.00
Unsecured bank loans	1.40	1.81	3.21	4.31	7.52
MTN	4.32	2.03	6.35	–	6.35
Total	**6.47**	**6.09**	**12.56**	**4.31**	**16.87**
Percentage	**52%**	**48%**	**74%**	**26%**	**100%**

Notes:

(1) All amounts are at face value.

(2) After interest rate swaps.

Funding Base *(as at 31 March 2014)*

	HK$ billion	**Percentage**
MTN	6.35	37.7%
Secured loan	3.00	17.8%
Unsecured bank loans	3.21	19.0%
Undrawn facilities	4.31	25.5%
Total	**16.87**	**100.0%**

Maturity of the Group's debt portfolio has been widely spreaded out to reduce refinancing risk. We manage no more than 30% of the total debt maturing in any financial year. Average outstanding life of the Group's committed debt facilities as at 31 March 2014 was reduced slightly to 3.7 years (31 March 2013: 4.0 years) only because of the impact of the HK$2 billion secured loan being scheduled for repayment on 30 May 2014, for which the funding has been fully arranged. Should the HK$2 billion secured loan be excluded, average life of debt facilities would have increased to 4.2 years.

***Facility Maturity Profile*[1]** *(as at 31 March 2014)*

(HK$ billion)	Secured loan	Unsecured bank loans	MTN	Total
Due in 2014/15	2.00	0.85	–	**2.85**
Due in 2015/16	1.00	0.61	–	**1.61**
Due in 2016/17	–	1.25	1.02	**2.27**
Due in 2017/18	–	–	0.30	**0.30**
Due in 2018/19	–	0.50	1.09	**1.59**
Beyond 2018/19	–	–	3.94	**3.94**
Total	**3.00**	**3.21**	**6.35**	**12.56**

Note:

(1) All amounts are at face value.

Through our continuous efforts over the last few years, the effective interest cost of our debt portfolio was reduced from 4.30% as at 31 March 2010 to 2.77% as at 31 March 2014. At the same time, the percentage of fixed rate debt to net debt has been consistently maintained at around 65% to 75%.

General market expectation is that the United States Federal Reserve will end its asset purchase programme by the end of 2014 and will start raising interest rates from mid 2015. We believe that The Link REIT is well positioned to face the challenge of an increasing interest rate cycle. The average life of fixed rate debt, representing the average period of interest rate protection provided by the fixed rate debt, has increased to 6.2 years as at 31 March 2014.

In order to support The Link REIT's future growth strategy, we have further increased the available liquidity to HK$7.10 billion (31 March 2013: HK$6.21 billion), comprising HK$2.79 billion (31 March 2013: HK$3.15 billion) in cash and deposits and HK$4.31 billion (31 March 2013: HK$3.06 billion) in committed but undrawn facilities.

The Link REIT's credit ratings were affirmed by Moody's Investors Service at A2/Stable on 11 February 2014 and by Standard & Poor's at A/Stable on 7 March 2014.

BUSINESS REVIEW

Leasing

Our leasing strategy consists of pursuing sustainable rental growth, introducing an exciting tenant mix across our properties and reducing long-term vacancies. We have achieved an occupancy rate of 94.4% for our entire property portfolio.

Retail Portfolio Breakdown

	Retail properties valuation	Retail rentals	Average monthly unit rent per leased IFA(2)		Occupancy rate	
	As at 31 March 2014	**Year ended 31 March 2014**	**As at 31 March 2014**	As at 31 March 2013	**As at 31 March 2014**	As at 31 March 2013
Properties(1)	***HK$'M***	***HK$'M***	***HK$ psf(3)***	*HK$ psf(3)*	**%**	%
1-10	**25,636**	**1,393**	**60.5**	55.7	**98.7**	98.4
11-50	**42,303**	**2,417**	**45.1**	41.2	**95.6**	95.0
51-100	**19,267**	**1,245**	**32.4**	30.0	**91.8**	91.9
101-153	**4,039**	**271**	**23.2**	20.8	**89.3**	89.6
Total	**91,245**	**5,326**	**42.1**	38.4	**94.4**	94.1

Notes:

(1) Properties ranked by retail valuation as at 31 March 2014.

(2) IFA means internal floor area.

(3) psf means per square foot.

Operational Statistics of the Retail Portfolio

	Occupancy rate		Composite reversion rate		% of total IFA[1]
	As at 31 March 2014 %	As at 31 March 2013 %	**Year ended 31 March 2014 %**	Year ended 31 March 2013 %	**As at 31 March 2014 %**
Shops	**96.6**	96.3	**25.8**	24.7	**82.1**
Markets/Cooked Food Stalls	**82.4**	82.0	**25.1**	28.0	**8.9**
Education/Welfare, Office and Ancillary	**86.3**	86.0	**14.1**	10.0	**9.0**
Total	**94.4**	94.1	**25.7**	24.6	**100.0**

Note:

(1) Total excluding self use office

Portfolio Lease Expiry Profile *(as at 31 March 2014)*

	as % of total IFA %	**as % of monthly base rent %**
Year 2014/15	29.7	34.1
Year 2015/16	27.4	29.7
Year 2016/17 and beyond	33.1	32.6
Short-term lease and vacancy	9.8	3.6
Total	**100.0**	**100.0**

Our leasing team has been heavily involved with the layout and design of each asset enhancement project with a view to maximise footfall, create points of attraction and efficient circulation to all areas of our shopping centres. We have increased rental revenue through more efficient allocation of floor space to create new shop areas, more shopping choices and by creating themed trade zones.

New tenants enrich our trade varieties and increase our brand offerings, which increase the overall attractiveness of our shopping centres. We regularly engage with prospective tenants to understand their business or expansion plans and to identify how their operations can add value to our existing trade mix.

Overall, our active property management and leasing strategies have created in-demand retail locations, particularly among our top 50 properties. As we move forward, we are constantly adjusting and fine-tuning these strategies to make the most efficient use of existing space, increase footfall and identify opportunities to facilitate and support the business of our tenants. A key challenge will be addressing and reducing long vacant shop areas (i.e. retail spaces that have not been leased for 24 months or more) which comprise 3.4% of our total internal floor area as at 31 March 2014. We will continue to evaluate the remaining long vacant shop areas to understand the nature of their vacancies, including physical, regulatory and technical constraints, and identify appropriate strategies to reduce these stocks.

Retail Trade Mix by Monthly Base Rent and Leased IFA *(as at 31 March 2014)*

Trade	**as % of monthly base rent %**	**as % of total leased IFA %**
Food and Beverage	24.9	29.5
Supermarkets and Foodstuff	22.9	19.2
Markets/Cooked Food Stalls	14.3	7.8
Services	11.1	9.7
Personal Care, Medicine, Optical, Books and Stationery	8.3	5.9
Education/Welfare, Office and Ancillary	1.3	8.3
Others[1]	17.2	19.6
Total	**100.0**	**100.0**

Note:

(1) Others include clothing, department stores, electrical and household products, leisure and entertainment, and valuable goods.

During the year under review, The Link REIT's tenants' average monthly retail gross sales per square foot continued to improve and rose by 7.9% as compared to last year. "Food and Beverage" posted a healthy year-on-year growth in gross sales per square foot of 12.1%, while "General Retail" and "Supermarkets and Foodstuff" recorded an increase of 6.8% and 5.6%, respectively.

Car Park

With the increasing demand in car park spaces in Hong Kong and more customers visiting our shopping centres, the performance of our car park business continues to improve. The utilisation rate of our car park spaces has increased from 83.5% as at 31 March 2013 to 88.1% as at 31 March 2014.

Key Car Park Performance Indicators

	Year ended 31 March 2014	Year ended 31 March 2013
Utilisation of car park spaces (%)	**88.1**	83.5
Car park income per space per month (HK$)	**1,566**	1,378
Net property income margin (%)	**69.1**	65.5
Average valuation per space (HK$'000)	**235**	192

Property Management

Our property management focuses on effective control of property operating costs and delivering a consistently high quality of service to tenants and shoppers.

Against the rising electricity tariff rates, we have again managed to lower our year-on-year total annual electricity consumption by 20 million kWh, a reduction of 7.8% over last year. The corresponding annual cost savings amounted to HK$23 million, excluding the impact of tariff increment. This was achieved following a combination of replacing inefficient chillers, improving lighting efficiency, installing variable speed drives to control airflow and implementing a comprehensive building management system for all air-conditioned properties. These cost savings initiatives are part of the five-year Link Energy Management Programme, which was launched in 2010 to improve energy efficiency across our property portfolio.

We are pleased to see that by March 2014 we have early achieved our 20/20 vision which is to reduce, by 2020, our total annual energy consumption by 20% against the 2010 baseline. Moving forward, there will be a projected annual increase in energy tariffs over the next five years. Utility costs will continue to be a significant operating cost and to prepare for this, we are developing a second 5-year energy management programme which will include initiatives such as chiller optimisation and better zone control of lighting and temperature at our properties. In line with our efforts to continually improve, we have established a revised target, which seeks to achieve a 30% reduction in annual energy consumption by 2020, again using 2010 as a baseline.

In November 2013, an independent assessment ranked our entire property portfolio among the top 5 in Hong Kong in terms of overall energy efficiency performance. Implementing energy conservation and efficiency measures will become increasingly challenging as hardware upgrade initiatives such as chiller and lighting replacement will soon be exhausted. Our energy management strategy will start to shift towards using our building management system for focused monitoring and managing of electricity consumption at the individual property level.

During the year under review, we started implementing our service standardisation programme which addresses issues such as improving customer service facilities and upgrading lavatory provisions. This programme serves to ensure that shoppers can experience and enjoy quality service that is consistent across all our properties. The entire service standardisation programme will complete in 2014/15.

We continue to rollout our barrier free access ("**BFA**") programme to facilitate all people to have access to our properties. As at 31 March 2014, 73 properties have completed basic BFA modifications, with works for the remaining properties scheduled for completion either in 2014/15 and 2015/16 or to be addressed during asset enhancement work.

We have streamlined our repair and maintenance work programme in order to ensure that work orders – placed by tenants, shoppers or our own staff – are addressed in a timely manner to provide tenants and shoppers with the best possible retail environment. In 2013/14, 78% of works requested were completed within one day, and we aim to increase this to 80% in 2014/15.

Our Mystery Shopper Programme continues to monitor and assess our performance, and our continuing efforts have been evidenced in our improving scores, both within our portfolio and against comparable properties in Hong Kong.

Asset Enhancement

The strength of The Link REIT's property portfolio is a result of a robust and proven track record of identifying and pursuing opportunities to add value to our portfolio through asset enhancement programmes ranging from minor works to complete renovations. Prioritisation of properties for asset enhancement is supported by comprehensive research and assessment of local consumer preferences, retail environment and community demographics. Up to 31 March 2014, our asset enhancement programmes provided satisfactory return on investment across 35 completed projects, investing HK$3.4 billion since our initial public offering ("**IPO**").

Status of Asset Enhancement Projects

	Completion Date	Target Completion Date					
	On or before 31 March 2014	2014	2015	2016	2017	2018	2019
Completed since IPO	35 projects (HK$3,402M)						
Underway		7 projects (HK$1,159M)[1]					
Pending statutory approval			7 projects (HK$1,362M)[1]				
Others under planning				>13 projects (>HK$1,600M)[1]			

Note:

(1) Estimated figures as at 31 March 2014.

In the year under review, five asset enhancement projects were completed, bringing the total number of completed projects to 35. The five projects include two fresh markets, and the further upgrade to Chung Fu Plaza, the portfolio's second largest asset. All five projects achieved returns on investment exceeding our targets. Seven projects are in progress, including two projects which have secured statutory approvals in the second half of the financial year. Seven additional projects are pending necessary statutory approvals before construction can start.

Return on Investment of Asset Enhancement Projects Completed in the Year Ended 31 March 2014

	Total IFA as at 31 March 2014 *'000 square feet*	**Total project CAPEX** *HK$'M*	**Estimated return on investment[3]** *%*
Chung Fu Plaza (Phase II)[2]	218	170	16.8
Sheung Tak Plaza[2]	131	87	23.6
Lok Fu Market[1] [2]	21[4]	120	17.2
Choi Wan Commercial Complex	166	222	16.7
Sha Kok Commercial Centre[1]	92	125	17.0
Total		**724**	

Notes:

(1) Projects included a fresh market upgrade.

(2) Properties ranked amongst top 10 by valuation.

(3) Estimated return on investment is calculated based on projected net property income post project minus net property income pre project divided by estimated project capital expenditures and loss of rental.

(4) IFA for Lok Fu Market only included the fresh market portion.

The upgrade of Chung Fu Plaza has reinforced its position as a regional centre serving an extended catchment population at the heart of the Tin Shui Wai District. The improvements at Sheung Tak Plaza have strengthened its competitiveness in the Tseung Kwan O District and will help The Link REIT to capitalise on the large supply of new residential flats in the area in the next few years.

The Lok Fu Market is our latest fresh market to undergo a complete revamp that builds upon the Tai Yuen Market upgrade. The enhancement created a whole new experience for shoppers and tenants, with new layout and stall design, and the introduction of new services as well as activities such as cooking demonstrations. The renovation of Sha Kok Commercial Centre improved the connection between the fresh market and the shopping centre with the addition of escalators. We have now completed five fresh market renovations since our pilot Tai Yuen Market in 2011/12, and are planning more fresh market upgrades in our future enhancement projects.

Choi Wan Commercial Complex was an extensive renovation project of a 34-year-old asset with major improvements to vertical circulation and access, and the creation of new shops, while preserving and revitalising the centre's existing key features such as the central courtyard. The renovation was well received by tenants and the community, and the centre was near full occupancy before its re-opening.

Approved Asset Enhancement Projects Underway

	Estimated costs *HK$'M*	**Target completion date**
Hoi Fu Shopping Centre[2]	39	Mid 2014
Mei Lam Commercial Centre	87	Late 2014
Yau Oi Commercial Centre[1] On Ting Commercial Complex	474	Late 2014
Un Chau Shopping Centre[2]	66	Late 2014
Tsing Yi Commercial Complex[2]	140	Early 2015
Lung Cheung Plaza	353	Late 2015
Total	**1,159**	

Notes:

(1) Projects include a fresh market upgrade.

(2) Properties ranked outside of top 50 by valuation.

Our asset enhancement programmes are a key component in attracting repeat patronage by both tenants and shoppers. Enhanced properties consistently score better than unenhanced properties in tenant and shopper satisfaction surveys. There exists many more opportunities to implement asset enhancement programmes throughout our portfolio. The asset enhancement at Yau Oi Commercial Centre and On Ting Commercial Complex is a comprehensive transformation integrating the two properties into one centre. The project also includes the complete revamp of the fresh market, our sixth fresh market renovation upon completion. Following the successful completion of the Wah Sum Shopping Centre enhancement last year, we continue to expand our asset enhancement strategy to properties in our portfolio that sit beyond the top 50, with upgrades being planned for the Hoi Fu Shopping Centre, Un Chau Shopping Centre and Tsing Yi Commercial Complex. Together with Mei Lam Commercial Centre, all these centres are being revitalised to better serve the daily needs of their respective communities.

Lung Cheung Plaza, located in the Wong Tai Sin District, was one of our first properties to undergo asset enhancement after our IPO. Since the completion of its first asset enhancement back in 2006, Lung Cheung Plaza was a key driver in enhancing the local community and district, taking advantage of the nearby tourist attractions at Wong Tai Sin Temple and high public transportation permeation along Lung Cheung Road, a major artery of road transport in Kowloon. Since then, a number of new residential developments and competing retail properties have been introduced in the area, further enhancing the Wong Tai Sin District and introducing increased choice for shoppers. To ensure the competitiveness and continuing improvement of Lung Cheung Plaza, the property will undergo a second cycle asset enhancement, which will include increased integration with nearby tourist attractions, enhanced façade and shop front visibility and modifications to the property layout to improve shopper circulation.

For those properties not scheduled for asset enhancement in the near future, we will add value by improving the “software” offered at these locations and completing minor works such as aesthetic enhancements. Including our asset enhancement projects, we have invested HK$1,088 million to upgrade our properties and facilities during the year under review.

According to the 10-year plan set earlier in 2013, we will continue to improve the services and facilities at our car parks to provide car park users with a better parking environment. These include the continuous efforts in installing brighter and more energy efficient LED light, upgrading the CCTV systems and installing the car park tailgate detection systems at various car parks. The HK$400 million plus 10-year plan also aims at refurbishing all car parks within the said time span.

Asset Investment

Adding new properties into our portfolio through asset investment remains a key component of adding value to our manufactured capital. In July 2012, we expanded our investment scope to include investments in all classes of sustainable-income producing non-residential properties, including but not limited to, stand-alone assets and comprehensive mixed-use (predominantly retail-based) developments in Hong Kong but excluding hotels and serviced apartments. During the year, we further strengthened our long-term asset investment growth opportunities with two significant developments to our asset investment mandate.

In December 2013, we signed a non-binding memorandum of understanding with China Vanke Co., Ltd. ("**China Vanke**"), one of the largest property developers in Mainland China to jointly find suitable investment opportunities in China retail properties. This was subsequently followed by a change in our investment mandate allowing us to invest in properties outside of Hong Kong, as approved by 94% of the Unitholders voting in our extraordinary general meeting in February 2014.

These two events mark the possibility of a strategic cooperation that brings together The Link REIT's expertise in commercial real estate investment, operation and management with China Vanke's real estate development expertise, experience and deep knowledge of the local Mainland China markets. The strategic cooperation will provide The Link REIT access to consider a pipeline of projects in the desirable "new mainstream" market or middle-class segment of Mainland China.

The Mainland China market has remarkable potential, due to rising wages and increased consumer spending. We will continue to focus on managing mid-market, non-discretionary retail properties in catchment areas with a significant growth outlook. We have begun to evaluate investment opportunities in Mainland China, with the initial focus on the Pearl River Delta region where many of our current tenants already have operations.

In Hong Kong, we will actively seek investment opportunities in the mid-market segment to leverage our expertise in asset management. We will also continue to review and identify properties with outlying potential for possible disposal to recycle capital and create further value for the Unitholders.

Subsequent to the year end, on 20 May 2014, The Link Properties Limited (wholly-owned by The Link REIT) accepted tenders by independent third parties for the Retail and Car Park within Tung Hei Court, Hing Tin Commercial Centre, Wah Kwai Shopping Centre and Kwai Hing Shopping Centre. Consideration for each property exceeded the appraised value as at 31 March 2014, and the net disposal proceeds will be used for funding potential investment and unit buy-back opportunities in the future, as well as for the general working capital of The Link REIT where appropriate.

Property	**Consideration in the accepted tender document** *HK$'M*	**Appraised value as at 31 March 2014** *HK$'M*
Retail and Car Park within Tung Hei Court	72.9	43.0
Hing Tin Commercial Centre	210.0	188.0
Wah Kwai Shopping Centre	518.0	366.0
Kwai Hing Shopping Centre	438.8	299.0
Total	**1,239.7**	**896.0**

OUTLOOK AND STRATEGY

Looking forward, we continually assess the opportunities and challenges for the future growth and development of our business and operations.

Opportunities beyond Hong Kong

Continuing development of the transportation network has driven the closer integration of Hong Kong and Mainland China, in particular, the Pearl River Delta region. The new regional expressways and railways being developed should stimulate the pace of urbanisation and connectivity within the region. This will help consolidate the importance of major cities while also stimulating economic growth and allowing the expansion of businesses in the decentralised areas.

China's retail expenditures grew significantly in the past decade and will be sustained by urbanisation, the shift towards a consumption led economy and the emergence of an increasingly affluent middle class. The rapidly rising household income and the changing expenditure pattern have fueled retail sales growth and opened up new opportunities in China.

We see Mainland China as a complementary market and logical next step, and believe it will play to support and widen our future growth opportunities. Our initial investment focus will be in the Pearl River Delta region, where many of our tenants have already established operations. We believe that over the coming years, the dividing lines between Hong Kong and Pearl River Delta will become increasingly blurred from an economic point of view as the two regions blend together and become increasingly interconnected. Our investment focus in Mainland China will remain similar; mid-tier community shopping centres that provide a mixture of discretionary and non-discretionary products and services.

Proposed Changes to the REIT Code

The Securities and Futures Commission ("**SFC**") has consulted the market on amendments to the REIT Code, which will introduce a degree of flexibility in the investment scope of REITs. Under the proposals, REITs will be allowed to invest up to 10% of their gross asset value in property development and they will be able to invest in financial instruments such as listed securities and overseas property funds. We contributed to the SFC consultation and are exploring how the amendments can be in our long-term interests to enhance our future growth and development.

The ability to invest in development can facilitate capital growth, create pricing advantages and provide greater control over our projects, and the ability to invest in financial instruments can provide flexibility for us to generate better returns for our Unitholders – while putting us on an equal footing with other REITs in Asia.

Local Economy

Although we have achieved significant improvements in our staff attrition rate, the general labour shortage in Hong Kong has increased pressure on operating expenses. This has been further intensified by recent adjustments in the statutory minimum wage. Challenges presented by an uncertain global economic environment, a potential deceleration of growth in China's economy and property market cooling measures introduced by the Hong Kong Government continue to have an uncertain impact upon all levels of the labour force.

We believe that the Hong Kong economic fundamentals will remain strong. However, overall local consumption sentiments may be affected by the outlook of the local property market and a possible interest rate hike which will hit spending on discretionary items more than non-discretionary items.

Interest Rates

As at the year end, The Link REIT had HK$6.47 billion or 66% of net debt on fixed rates for an average life of 6.2 years. With only HK$3.30 billion in net debt on floating rates, active capital management and strong credit ratings, our capital structure is well-prepared to weather fluctuations in interest rates and support growth opportunities.

We believe improvements in asset quality and underlying property value – supported by strong rental growth – should offset pressure from a potential expansion of capitalisation rates due to an expected increase in market interest rates.

Asset Disposal

We will continue to review and monitor the portfolio performance of The Link REIT in contemplation of enhancing operating efficiency and other opportunities (including disposal of properties) with outlying potential to recycle capital to create further value for the Unitholders.

A STRONG FOUNDATION

Over the past four years we have focused on establishing a strong foundation and developing the skills that are necessary to improve the business and realise the next phase of The Link REIT's growth. This drives us to improve our property management expertise, refine our leasing strategy and take a more proactive approach to understand the needs and concerns of those living in the local communities around our shopping centres and all those who are impacted by our business.

We have delivered another year of good returns for our Unitholders, but this strong financial performance is just one of the metrics that shows we are creating value. Across our business, there are countless examples of how The Link REIT has generated value in the community.

As we move forward and further improve and enhance the skills we have developed and the knowledge we have acquired over the past few years, the challenges that we face will be more complex and will require even greater focus and effort to succeed. The market may become more volatile, however, we are confident that we have established a solid foundation to enable us to meet these increasingly complex challenges.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Note	**2014** *HK$'M*	2013 *HK$'M*
Revenues	*2*	**7,155**	6,506
Property operating expenses		**(1,953)**	(1,890)
Net property income		**5,202**	4,616
General and administrative expenses		**(222)**	(223)
Change in fair values of investment properties		**13,445**	17,705
Operating profit	*4*	**18,425**	22,098
Interest income		**28**	39
Finance costs on interest bearing liabilities		**(393)**	(441)
Profit before taxation and transactions with Unitholders		**18,060**	21,696
Taxation	*5*	**(755)**	(634)
Profit for the year, before transactions with Unitholders *(Note (i))*		**17,305**	21,062
Distributions paid to Unitholders:			
– 2012 final distribution		**–**	(1,502)
– 2013 interim distribution		**–**	(1,624)
– 2013 final distribution		**(1,725)**	–
– 2014 interim distribution		**(1,854)**	–
		13,726	17,936
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units		**13,851**	18,065
Amount arising from cash flow hedging reserve movement		**(125)**	(129)
		13,726	17,936

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 3 July 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	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 2014				
Profit for the year		**17,305**	**(17,430)**	**(125)**
Other comprehensive income				
Item that may be reclassified subsequently to the consolidated income statement				
– Cash flow hedging reserve		**125**	**–**	**125**
Total comprehensive income for the year	*(ii)*	**17,430**	**(17,430)**	**–**
For the year ended 31 March 2013				
Profit for the year		21,062	(21,191)	(129)
Other comprehensive income				
Item that may be reclassified subsequently to the consolidated income statement				
– Cash flow hedging reserve		129	–	129
Total comprehensive income for the year	*(ii)*	21,191	(21,191)	–

Notes:

(i) Transactions with Unitholders comprise the distributions to Unitholders of HK$3,579 million (2013: HK$3,126 million) and change in net assets attributable to Unitholders, excluding issues of new units, of HK$13,851 million (2013: HK$18,065 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. The trust also has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations of the trust to pay to its Unitholders cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. 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 2014

	2014	2013
	HK$'M	*HK$'M*
Profit for the year, before transactions with Unitholders	**17,305**	21,062
Adjustments:		
– Change in fair values of investment properties	**(13,445)**	(17,705)
– Other non-cash income	**(30)**	(8)
Total Distributable Income *(Note (i))*	**3,830**	3,349
Interim distribution, paid	**1,854**	1,624
Final distribution, to be paid to the Unitholders	**1,976**	1,725
Total distributions for the year *(Note (ii))*	**3,830**	3,349
As a percentage of Total Distributable Income	**100%**	100%
Units in issue at 31 March	**2,310,889,561**	2,288,061,440
Distributions per unit to Unitholders:		
– Interim distribution per unit, paid *(Note (iii))*	**HK80.22 cents**	HK71.08 cents
– Final distribution per unit, to be paid to the Unitholders *(Note (iv))*	**HK85.52 cents**	HK75.38 cents
Distribution per unit for the year	**HK165.74 cents**	HK146.46 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% (2013: 100%) of Total Distributable Income as the distribution for the year ended 31 March 2014. The interim distribution was paid to Unitholders on 10 December 2013. The final distribution will be paid to Unitholders on 3 July 2014.

(iii) The interim distribution per unit of HK80.22 cents for the six months ended 30 September 2013 was calculated based on the interim distribution of HK$1,854 million for the period and 2,310,889,561 units in issue as at 30 September 2013. The interim distribution per unit of HK71.08 cents for the six months ended 30 September 2012 was calculated based on the interim distribution of HK$1,624 million for the period and 2,284,402,553 units in issue as at 30 September 2012.

(iv) The final distribution per unit of HK85.52 cents for the year ended 31 March 2014 is calculated based on the final distribution to be paid to the Unitholders of HK$1,976 million for the second half of the financial year and 2,310,889,561 units in issue as at 31 March 2014. The final distribution per unit of HK75.38 cents for the year ended 31 March 2013 was calculated based on the final distribution of HK$1,725 million for the period and 2,288,061,440 units in issue as at 31 March 2013.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Note	**2014** **HK$'M**	2013 HK$'M
Non-current assets			
Goodwill		**331**	331
Investment properties		**109,899**	95,366
Property, plant and equipment		**70**	73
Derivative financial instruments		**69**	168
		110,369	95,938
Current assets			
Trade and other receivables	7	**237**	212
Deposits and prepayments		**66**	65
Derivative financial instruments		**–**	56
Short-term bank deposits		**2,234**	1,495
Cash and cash equivalents		**560**	1,657
		3,097	3,485
Total assets		**113,466**	99,423
Current liabilities			
Trade payables, receipts in advance and accruals	8	**1,310**	1,237
Security deposits		**1,101**	994
Provision for taxation		**209**	159
Current portion of long-term incentive plan provision		**60**	87
Interest bearing liabilities	9	**2,825**	1,706
Derivative financial instruments		**27**	15
		5,532	4,198
Net current liabilities		**2,435**	713
Total assets less current liabilities		**107,934**	95,225
Non-current liabilities, excluding net assets attributable to Unitholders			
Long-term incentive plan provision		**32**	52
Interest bearing liabilities	9	**9,699**	11,829
Derivative financial instruments		**98**	184
Deferred tax liabilities		**1,754**	1,518
		11,583	13,583
Total liabilities, excluding net assets attributable to Unitholders		**17,115**	17,781
Net assets attributable to Unitholders		**96,351**	81,642
Units in issue		**2,310,889,561**	2,288,061,440
Net assets per unit attributable to Unitholders		**HK$41.69**	HK$35.68

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 MARCH 2014

	Total equity *HK$'M*	Net assets attributable to Unitholders *HK$'M*	Total *HK$'M*
Net assets attributable to Unitholders at 1 April 2013	**–**	**81,642**	**81,642**
Issuance of units			
– under distribution reinvestment scheme	**–**	**779**	**779**
– under long-term incentive plan	**–**	**79**	**79**
Profit for the year ended 31 March 2014, before transactions with Unitholders	**–**	**17,305**	**17,305**
Distributions paid to Unitholders			
– 2013 final distribution	**–**	**(1,725)**	**(1,725)**
– 2014 interim distribution	**–**	**(1,854)**	**(1,854)**
Change in fair values of cash flow hedges	**13**	**–**	**13**
Amount transferred to the consolidated income statement	**112**	**–**	**112**
Amount arising from cash flow hedging reserve movement	**(125)**	**125**	**–**
Change in net assets attributable to Unitholders for the year ended 31 March 2014, excluding issues of new units	**–**	**13,851**	**13,851**
Net assets attributable to Unitholders at 31 March 2014	**–**	**96,351**	**96,351**
Net assets attributable to Unitholders at 1 April 2012	–	62,735	62,735
Issuance of units			
– under distribution reinvestment scheme	–	782	782
– under long-term incentive plan	–	60	60
Profit for the year ended 31 March 2013, before transactions with Unitholders	–	21,062	21,062
Distributions paid to Unitholders			
– 2012 final distribution	–	(1,502)	(1,502)
– 2013 interim distribution	–	(1,624)	(1,624)
Change in fair values of cash flow hedges	(31)	–	(31)
Amount transferred to the consolidated income statement	160	–	160
Amount arising from cash flow hedging reserve movement	(129)	129	–
Change in net assets attributable to Unitholders for the year ended 31 March 2013, excluding issues of new units	–	18,065	18,065
Net assets attributable to Unitholders at 31 March 2013	–	81,642	81,642

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	HK$'M	*HK$'M*
Operating activities		
Net cash generated from operating activities	**4,659**	4,199
Investing activities		
Additions to investment properties	**(1,005)**	(871)
Additions to property, plant and equipment	**(18)**	(25)
Interest income received	**26**	38
(Increase)/decrease in short-term bank deposits with original maturity of more than three months	**(739)**	67
Net cash used in investing activities	**(1,736)**	(791)
Financing activities		
Proceeds from interest bearing liabilities, net of transaction costs	**2,233**	5,424
Repayment of interest bearing liabilities	**(3,050)**	(4,530)
Interest expenses paid on interest bearing liabilities	**(403)**	(451)
Distributions paid to Unitholders	**(2,800)**	(2,344)
Net cash used in financing activities	**(4,020)**	(1,901)
Net (decrease)/increase in cash and cash equivalents	**(1,097)**	1,507
Cash and cash equivalents at 1 April	**1,657**	150
Cash and cash equivalents at 31 March	**560**	1,657

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 2014, the Group's current liabilities exceeded its current assets by HK$2,435 million (2013: HK$713 million). Taking into account the unutilised committed bank loan facilities of HK$4,310 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 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 derivative financial instruments and investment properties, which are stated at fair values.

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 2014, the Group has adopted all the new standards, amendments and interpretations that are currently in issue and effective.

HKAS 1 (Revised) Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 1 Amendments	Government Loans
HKFRS 7 Amendments	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to HKFRSs 2009 – 2011 Cycle	

1 Basis of preparation (continued)

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

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

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 2014.

HKAS 19 (2011) Amendments	Defined Benefit Plans: Employee Contributions [1]
HKAS 27 (2011), HKFRS 10 and HKFRS 12 Amendments	Separate Financial Statements, Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities [2]
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities [2]
HKAS 36 Amendments	Recoverable Amount Disclosures for Non-Financial Assets [2]
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting [2]
HKAS 39, HKFRS 7 and HKFRS 9 Amendments	Hedge Accounting and amendments to HKAS 39, HKFRS 7 and HKFRS 9 [3]
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures [3]
HKFRS 9	Financial Instruments [3]
HKFRS 14	Regulatory Deferral Accounts [4]
HK(IFRIC)-Int 21	Levies [2]
Annual Improvements to HKFRSs 2010-2012 Cycle [1]	
Annual Improvements to HKFRSs 2011-2013 Cycle [1]	

[1] effective for accounting periods beginning on or after 1 July 2014
[2] effective for accounting periods beginning on or after 1 January 2014
[3] no mandatory effective date yet determined but is available for adoption
[4] effective for accounting periods beginning on or after 1 January 2016

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 reported results of operations and financial position.

2 Revenues

Revenues recognised during the year comprise:

	2014	2013
	HK$'M	*HK$'M*
Rentals from retail properties	**5,326**	4,872
Gross rentals from car parks	**1,494**	1,315
	6,820	6,187
Other revenues		
– Air conditioning service fees	**318**	301
– Other property related revenue	**17**	18
	335	319
Total revenues	**7,155**	6,506

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK$141 million (2013: HK$124 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 2014				
Revenues	5,657	1,498	–	7,155
Segment results	4,167	1,035	(222)	4,980
Change in fair values of investment properties	10,183	3,262	–	13,445
Interest income				28
Finance costs on interest bearing liabilities				(393)
Profit before taxation and transactions with Unitholders				18,060
Taxation				(755)
Profit for the year, before transactions with Unitholders				17,305
Capital expenditure	972	116	17	1,105
Depreciation	–	–	(20)	(20)
As at 31 March 2014				
Segment assets	91,424	18,709	139	110,272
Goodwill				331
Derivative financial instruments				69
Short-term bank deposits				2,234
Cash and cash equivalents				560
Total assets				113,466
Segment liabilities	1,927	177	307	2,411
Provision for taxation				209
Long-term incentive plan provision				92
Interest bearing liabilities				12,524
Derivative financial instruments				125
Deferred tax liabilities				1,754
Total liabilities, excluding net assets attributable to Unitholders				17,115
Net assets attributable to Unitholders				96,351

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 2013				
Revenues	5,188	1,318	–	6,506
Segment results	3,753	863	(223)	4,393
Change in fair values of investment properties	13,867	3,838	–	17,705
Interest income				39
Finance costs on interest bearing liabilities				(441)
Profit before taxation and transactions with Unitholders				21,696
Taxation				(634)
Profit for the year, before transactions with Unitholders				21,062
Capital expenditure	912	77	27	1,016
Depreciation	–	–	(27)	(27)
As at 31 March 2013				
Segment assets	80,237	15,342	137	95,716
Goodwill				331
Derivative financial instruments				224
Short-term bank deposits				1,495
Cash and cash equivalents				1,657
Total assets				99,423
Segment liabilities	1,794	147	290	2,231
Provision for taxation				159
Long-term incentive plan provision				139
Interest bearing liabilities				13,535
Derivative financial instruments				199
Deferred tax liabilities				1,518
Total liabilities, excluding net assets attributable to Unitholders				17,781
Net assets attributable to Unitholders				81,642

4 Operating profit

	2014 HK$'M	2013 HK$'M
Operating profit for the year is stated after charging:		
Staff costs	**452**	479
Depreciation of property, plant and equipment	**20**	27
Loss on disposal of property, plant and equipment	**–**	3
Trustee's fee	**8**	6
Valuation fee	**3**	3
Auditor's remuneration		
– audit service	**4**	4
– non-audit service	**3**	2
Bank charges	**4**	4
Operating lease charges	**24**	19
Other legal and professional fees	**9**	18
Donations	**10**	–

5 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

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

	2014 HK$'M	2013 HK$'M
Current taxation	**519**	402
Deferred taxation		
– Accelerated depreciation allowances	**236**	232
Taxation	**755**	634

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:

	2014 HK$'M	2013 HK$'M
Profit before taxation	**18,060**	21,696
Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**2,980**	3,580
Tax effect of non-deductible expenses	**5**	12
Tax effect of non-taxable income	**(2,224)**	(2,928)
Adjustment in respect of prior years	**(6)**	(30)
Taxation	**755**	634

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

	2014	2013
Profit after taxation and before transactions with Unitholders	**HK$17,305 million**	HK$21,062 million
Weighted average number of units for the year for calculating basic earnings per unit	**2,303,298,171**	2,277,918,225
Adjustment for dilutive contingently issuable units under long-term incentive plan	**2,021,485**	3,192,105
Weighted average number of units for the year for calculating diluted earnings per unit	**2,305,319,656**	2,281,110,330
Basic earnings per unit based upon profit after taxation and before transactions with Unitholders	**HK$7.51**	HK$9.25
Diluted earnings per unit based upon profit after taxation and before transactions with Unitholders	**HK$7.51**	HK$9.23

7 Trade and other receivables

	2014 *HK$'M*	2013 *HK$'M*
Trade receivables	**66**	72
Less: provision for impairment of trade receivables	**(1)**	(1)
Trade receivables – net	**65**	71
Other receivables	**172**	141
	237	212

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.

7 Trade and other receivables (continued)

The ageing of trade receivables is as follows:

	2014	2013
	HK$'M	*HK$'M*
0 – 30 days	**64**	70
31 – 90 days	**1**	1
Over 90 days	**1**	1
	66	72

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$65 million (2013: HK$71 million) presented above were HK$43 million (2013: HK$50 million) of accrued car park income and HK$14 million (2013: HK$15 million) of accrued turnover rent, which were not yet due as at 31 March 2014. The remaining HK$8 million (2013: HK$6 million) were past due but not considered impaired.

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

	2014	2013
	HK$'M	*HK$'M*
0 – 30 days	**7**	5
31 – 90 days	**1**	1
	8	6

As at 31 March 2014, trade receivables of HK$1 million (2013: HK$1 million) were considered as impaired and had been provided for. The individually impaired receivables are those where collectibility is in doubt.

The ageing of the impaired trade receivables is as follows:

	2014	2013
	HK$'M	*HK$'M*
Over 90 days	**1**	1

7 Trade and other receivables (continued)

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

	2014	2013
	HK$'M	*HK$'M*
At 1 April	**1**	2
Provision for impairment of trade receivables	**1**	1
Receivables written off during the year as uncollectible	**(1)**	(2)
At 31 March	**1**	1

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 receivables.

8 Trade payables, receipts in advance and accruals

	2014	2013
	HK$'M	*HK$'M*
Trade payables	**17**	58
Receipts in advance	**150**	146
Accruals	**1,143**	1,033
	1,310	1,237

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

The ageing of trade payables is as follows:

	2014	2013
	HK$'M	*HK$'M*
0 – 30 days	**14**	47
31 – 90 days	**3**	10
Over 90 days	**–**	1
	17	58

9 Interest bearing liabilities

	2014	2013
	HK$'M	*HK$'M*
Bank borrowings	**3,167**	3,413
Medium term notes	**6,357**	6,122
Secured loan	**3,000**	4,000
	12,524	13,535
Less: current portion of interest bearing liabilities	**(2,825)**	(1,706)
Non-current portion of interest bearing liabilities	**9,699**	11,829

Interest bearing liabilities are repayable as follows:

	2014	2013
	HK$'M	*HK$'M*
Due in the first year		
Bank borrowings	**825**	706
Secured loan	**2,000**	1,000
	2,825	1,706
Due in the second year		
Bank borrowings	**613**	858
Secured loan	**1,000**	2,000
	1,613	2,858
Due in the third year		
Bank borrowings	**1,243**	610
Medium term notes	**988**	–
Secured loan	**–**	1,000
	2,231	1,610
Due in the fourth year		
Bank borrowings	**–**	1,239
Medium term notes	**300**	1,015
	300	2,254
Due in the fifth year		
Bank borrowings	**486**	–
Medium term notes	**1,095**	300
	1,581	300
Due beyond the fifth year		
Medium term notes	**3,974**	4,807
	12,524	13,535

9 Interest bearing liabilities (continued)

Notes:

(i) Except for a bank loan of HK$277 million (2013: HK$311 million) and medium term notes of HK$178 million (2013: HK$201 million) 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 2.77% (2013: 3.07%). The carrying amounts of the interest bearing liabilities approximate their fair values.

10 Security for the Group's loan facilities

As at 31 March 2014, certain of the Group's investment properties, amounting to approximately HK$10.8 billion (2013: HK$9.3 billion), were pledged to secure the loan from The Hong Kong Mortgage Corporation Limited. No property was pledged to secure any bank loan or medium term note.

11 Event after the reporting date

Subsequent to 31 March 2014, the Manager has put up certain properties of The Link REIT for private tender. On 20 May 2014, The Link Properties Limited, a wholly-owned subsidiary of The Link REIT, has accepted the tender documents submitted by certain independent third parties, which constitute binding agreements in respect of the sale and purchase of four properties with a carrying amount of HK$896.0 million as at 31 March 2014 for a cash consideration of HK$1,239.7 million.

HUMAN RESOURCES

The Manager's remuneration policy provides an equitable, motivating and competitive remuneration package in order to attract, motivate and retain 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. All full-time and permanent staff are eligible for a discretionary bonus, the payment of which is based on both the individual's performance and the overall performance of The Link REIT. Staff benefits include, amongst others, contribution to mandatory provident fund, annual leave, sick leave, maternity leave, paternity leave, birthday leave, medical insurance, life and personal accident insurance and reimbursement of industry-specific club/professional association membership fee. As at 31 March 2014, the Manager had 930 staff (31 March 2013: 882).

Over the past few years, the Manager has embarked on different people management initiatives to foster an environment of high staff engagement, stimulating great performance and continuous development. Employees are engaged as partners in the business. Through the introduction of the Employee Unit Purchase Plan ("**EUPP**"), employees are now partakers of the fruits of The Link REIT's success. The participation and units retention rates of the EUPP are at a high level. To complement the fast and rigorous growth pace, the Manager has an equally rigorous work life balance programme to provide the necessary support for its people. A reward for performance culture is what the Manager wants to firmly establish. The Manager has implemented a high degree of transparency in its reward and recognition programmes to its employees. In line with talent sustainability and development of the staff, the Manager partnered with The Hong Kong Polytechnic University in starting an executive diploma in Shopping Mall Management.

The Manager is close to becoming an employer of choice by striving to narrow the gap in the past years. The Manager shall continue to improve on how it works with its employees and further engage them in its path to success.

APPRECIATION

Mr Michael Ian ARNOLD ("**Mr Michael ARNOLD**") retired as an Independent Non-Executive Director of the Manager on 3 September 2013 after having served for 9 years. The Board would like to thank Mr Michael ARNOLD for his valuable contributions to The Link REIT during his tenure. Mrs Eva CHENG LI Kam Fun ("**Mrs Eva CHENG**"), who is well recognised in the business community and has extensive experience in the Greater China and Southeast Asia regions, joined as a new Independent Non-Executive Director on 24 February 2014. The addition of Mrs Eva CHENG has enhanced the spectrum of diversity of our Board in terms of gender (with female Board members now accounting for 23%), experience, and expertise.

The Board would also like to thank the management team and all staff for their dedication, commitment and hard work which have contributed to the continuous growth and success of The Link REIT. The Board fully appreciates our Unitholders' support and confidence in The Link REIT throughout the year.

REVIEW BY AUDIT COMMITTEE

The final results and the consolidated financial statements of the Group for the year ended 31 March 2014 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 2014 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 Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by PricewaterhouseCoopers on this final results announcement.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

On 13 November 2013, the Manager updated its compliance manual (the "**Compliance Manual**") to bring the provisions in line with the latest regulatory changes and current business practices of The Link REIT.

On 18 February 2014, Unitholders' approval was obtained to expand the geographical scope of The Link REIT's investment strategy to areas outside Hong Kong. Amendments to the Trust Deed of The Link REIT that are consequential to the geographical expansion and certain other amendments as detailed in the circular of The Link REIT dated 17 January 2014, were effected, as authorised by our Unitholders, by the 10th supplemental deed dated 18 February 2014 entered into between the Manager and the trustee of The Link REIT. Subsequent to the expansion of the geographical investment scope, the Manager also made relevant amendments to the Compliance Manual on 17 April 2014.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2014, The Link REIT and the Manager complied with the Securities and Futures Ordinance, the REIT Code, (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 (as amended by supplemental deeds) and the Compliance Manual which sets out the key processes, systems and measures and the corporate governance policy. The Link REIT and the Manager also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year.

The authorisation structure of The Link REIT and the corporate governance report for the year ended 31 March 2014 will be set out in The Link REIT's Annual Report 2013/2014.

BUY-BACK, SALE OR REDEMPTION OF THE LINK REIT'S LISTED UNITS

During the year under review, neither the Manager nor any of The Link REIT's subsidiaries bought back, sold or redeemed any of The Link REIT's listed units.

ISSUE OF NEW UNITS

During the year under review, 22,828,121 new units of The Link REIT in aggregate were issued, comprising (i) 2,055,632 new units issued on 15 July 2013 pursuant to the long-term incentive plan of The Link REIT; and (ii) 20,772,489 new units issued on 2 August 2013 at an issue price of HK$37.52 per unit pursuant to the distribution reinvestment scheme in respect of the final distribution for the year ended 31 March 2013.

Based on 2,310,889,561 units in issue as at 31 March 2014, the number of new units issued during the year under review represented approximately 1.0%.

PUBLIC FLOAT

Based on the information publicly available to the Manager, The Link REIT continues to meet the required public float of no less than 25% of its issued units in public hands.

FINAL DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

For Final Distribution

The final distribution in cash of HK85.52 cents per unit for the year ended 31 March 2014 will be paid on Thursday, 3 July 2014 to those Unitholders whose names appear on the register of Unitholders of The Link REIT on Monday, 23 June 2014. For the purpose of ascertaining Unitholders' entitlement to the final cash distribution, the register of Unitholders of The Link REIT will be closed from Thursday, 19 June 2014 to Monday, 23 June 2014, both days inclusive, during which period no transfer of units will be registered. In order to qualify for the final cash 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 p.m. on Wednesday, 18 June 2014.

For Annual General Meeting of Unitholders

For the purpose of ascertaining Unitholders' right to attend the forthcoming annual general meeting of Unitholders of The Link REIT to be held on Wednesday, 23 July 2014, the register of Unitholders of The Link REIT will also be closed from Monday, 21 July 2014 to Wednesday, 23 July 2014, 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 p.m. on Friday, 18 July 2014.

DESPATCH OF ANNUAL REPORT 2013/2014

The Annual Report 2013/2014 of The Link REIT will be despatched to Unitholders on Friday, 27 June 2014.

ANNUAL GENERAL MEETING OF UNITHOLDERS

The forthcoming annual general meeting of Unitholders of The Link REIT will be held on Wednesday, 23 July 2014. Notice convening the meeting will be issued to 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, 4 June 2014

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
William CHAN Chak Cheung
Eva CHENG LI Kam Fun
Anthony CHOW Wing Kin
Patrick FUNG Yuk Bun
Stanley KO Kam Chuen
May Siew Boi TAN
David Charles WATT
Richard WONG Yue Chim
Elaine Carole YOUNG