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LINK

# Link Real Estate Investment Trust

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

**(stock code: 823)**

# FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018 AND APPOINTMENT OF BOARD COMMITTEE MEMBER

The board of directors (the ***Board***) of Link Asset Management Limited (the ***Manager***), as manager of Link Real Estate Investment Trust (***Link***), is pleased to report to unitholders (the ***Unitholders***) the audited consolidated final results of Link and its subsidiaries (the ***Group***) for the year ended 31 March 2018.

The final results and the consolidated financial statements of the Group for the year ended 31 March 2018, after review by the audit and risk management committee of the Manager (the ***Audit and Risk Management Committee***), were approved by the Board on 6 June 2018.

## OVERALL FINANCIAL RESULTS

During the year, revenue and net property income increased by 8.3% and 9.6% year-on-year to HK$10,023 million (2017: HK$9,255 million) and HK$7,663 million (2017: HK$6,994 million), respectively. On a like-for-like basis excluding properties divested and acquired during the periods under analysis, revenue and net property income increased by 9.4% and 10.7% year-on-year respectively. Distribution per unit (***DPU***) for the year increased by 9.4% to HK249.78 cents (2017: HK228.41 cents), comprising an interim DPU of HK121.50 cents (2017: HK111.75 cents) and a final DPU of HK128.28 cents (2017: HK116.66 cents). As at the last trading day of 2017/2018 on 29 March 2018, the closing market price of the units was HK$67.00 (31 March 2017: HK$54.45). Together with the DPU, Link delivered a total return of 27.6% for the year with a distribution yield of 3.7%.

Valuation of the investment properties portfolio (including property under development and renovation and properties in Mainland China) continued to improve and reached HK$203,091 million, representing an increase of 16.7% compared to 31 March 2017. On a like-for-like basis excluding properties divested and acquired during the periods under analysis, valuation of the investment properties portfolio (including property under development and properties in Mainland China) increased by 25.4% year-on-year. Net asset value per unit grew 33.0% year-on-year to HK$83.06 (31 March 2017: HK$62.47).

## MANAGEMENT DISCUSSION AND ANALYSIS

Link is committed to excellence in managing properties in Hong Kong and Mainland China, providing unique shopping and entertainment varieties to all stakeholders around us. The Quayside and Link Square – our commercial investments in Hong Kong and Shanghai – are first class office facilities for multinational corporations and large businesses seeking high-quality workplace.

### Build a Productive Portfolio

During the year, Link has witnessed resilient growth in our portfolio. Multiple growth drivers – management, enhancement, acquisition, divestment and development – were all in place to bring about continuous return to our Unitholders. We have also achieved an important milestone this year by performing a strategic review and completed the divestment of 17 properties in Hong Kong. This marks the completion of a milestone in our portfolio upgrades and capital recycling, and provides a solid base for longer-term growth opportunities.

#### Management

Good management of assets are pivotal to running a successful property portfolio. This year, Link demonstrated the full breadth and depth of management capabilities with implementation of an asset management model across the Hong Kong portfolio. A full team of asset managers was in force to oversee the overall performance of the properties.

*Hong Kong Portfolio*

*Retail*

Our disciplined approach to asset management helps sustain performance in a dynamic market. Occupancy rate for the portfolio remained high at 97.0% as at 31 March 2018. Reversion rate for the year reached 29.1%. Retail rentals went up 5.3% year-on-year. Excluding properties divested and acquired during the periods under analysis, retail rentals grew by 9.5% year-on-year, reflecting the growth potential of our current portfolio. Average monthly unit rent was HK$62.4 psf as at 31 March 2018, up from HK$55.3 psf as at 31 March 2017.

## Operational Statistics of the Retail Portfolio

| | Occupancy rate | | Reversion rate | | % of total area (1) |
|---|---|---|---|---|---|
| | **As at 31 March 2018 %** | As at 31 March 2017 % | **Year ended 31 March 2018 %** | Year ended 31 March 2017 % | **As at 31 March 2018 %** |
| Shops | **97.4** | 97.1 | **31.2** | 23.4 | **83.6** |
| Markets/Cooked food stalls | **92.9** | 90.3 | **12.9** | 27.0 | **9.2** |
| Education/Welfare and Ancillary | **97.1** | 91.4 | **15.0** | 20.5 | **7.2** |
| **Total** | **97.0** | 96.1 | **29.1** | 23.8 | **100.0** |

*Note:*
(1) Total excluding self-use office.

## Retail Portfolio Breakdown

| | No. of properties | Retail properties valuation | Retail rentals | Average monthly unit rent (1) | | Occupancy rate | |
|---|---|---|---|---|---|---|---|
| **Properties** | | **As at 31 March 2018 *HK$'M*** | **Year ended 31 March 2018 *HK$'M*** | **As at 31 March 2018 *HK$ psf* (2)** | As at 31 March 2017 *HK$ psf* (2) | **As at 31 March 2018 %** | As at 31 March 2017 % |
| Destination | 6 | **30,604** | **1,117** | **83.0** | 76.0 | **96.3** | 96.9 |
| Community | 33 | **74,273** | **3,358** | **70.6** | 65.9 | **97.7** | 96.8 |
| Neighbourhood | 70 | **36,636** | **1,670** | **44.9** | 40.3 | **96.4** | 94.8 |
| Properties divested (3) | – | **N.A.** | **546** | **N.A.** | 41.6 | **N.A.** | 96.4 |
| **Total** | 109 | **141,513** | **6,691** | **62.4** | 55.3 | **97.0** | 96.1 |

*Notes:*
(1) Average monthly unit rent represents the average base rent plus management fee per month per square foot of leased area.

(2) psf means per square foot.

(3) Amounts related to the 17 properties divested in February 2018.

**Portfolio Lease Expiry Profile**
*(As at 31 March 2018)*

| | % of total area % | % of monthly rent % |
|---|---|---|
| 2018/2019 | 31.7 | 27.2 |
| 2019/2020 | 21.7 | 23.0 |
| 2020/2021 and Beyond | 37.3 | 44.2 |
| Short-term Lease and Vacancy | 9.3 | 5.6 |
| **Total** | **100.0** | **100.0** |

*Car Parks*

Currently, Link owns and manages approximately 61,000 parking spaces in Hong Kong which are in close proximity to our shopping centres. Car park spaces remained in high demand due to limited supply in Hong Kong. Improved shopping environment post-asset enhancement also helped create higher visitations and stronger demand for hourly parking spaces at our properties. During the year, car park revenue grew 5.5% year-on-year and excluding properties divested and acquired during the periods under analysis, it grew by 10.9%. Car park income per space per month increased by 11.3% year-on-year for the year ended 31 March 2018.

**Key Car Park Performance Indicators**

| | **Year ended 31 March 2018** | Year ended 31 March 2017 |
|---|---|---|
| Car park income per space per month (HK$) | **2,492** | 2,239 |

| | **As at 31 March 2018** | As at 31 March 2017 |
|---|---|---|
| Total valuation (HK$'M) | **34,510** | 30,813 |
| Average valuation per parking space (HK$'000) | **567** | 446 |

*Mainland China Portfolio*

Our Mainland China portfolio – comprising EC Mall in Beijing, Link Square 1 & 2 in Shanghai and Metropolitan Plaza in Guangzhou (which was acquired during the year) – reported a solid set of results during the year with total revenue of HK$884 million (2017: HK$574 million) and net property income of HK$684 million (2017: HK$459 million), up respectively 54.0% and 49.0% year-on-year.

Since the completion of acquisition of Metropolitan Plaza in May 2017, we have enhanced the trade mix and achieved near full occupancy. EC Mall's performance is testimony to our proven expertise in investing and managing regional shopping centres in Mainland China. Link Square 1 & 2 continued to deliver stable and satisfactory results.

As at 31 March 2018, occupancy of EC Mall and Metropolitan Plaza stood at 100.0% and 99.2% respectively. Reversion rate of EC Mall remained strong at 29.4% while reversion rate of Metropolitan Plaza was 61.2%. Our Mainland China office property was 99.3% occupied and the reversion rate also improved to 13.3% during the year.

**Portfolio Lease Expiry Profile**
*(As at 31 March 2018)*

| | **Retail** | | **Office** | |
|---|---|---|---|---|
| | **% of total area %** | **% of monthly rent %** | **% of total area %** | **% of monthly rent %** |
| 2018/2019 | 18.6 | 18.3 | 9.7 | 9.6 |
| 2019/2020 | 23.4 | 32.0 | 20.5 | 22.0 |
| 2020/2021 and Beyond | 57.5 | 49.7 | 69.1 | 68.4 |
| Vacancy | 0.5 | – | 0.7 | – |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** |

**Enhancement**

Enhancement of our properties unlocks the growth potential of our portfolio. Through our asset enhancement programme, we transform ageing assets into modernised shopping centres with more shopping varieties and good shopping experiences for our shoppers, and much-improved operating environment for our tenants. The repositioning of our shopping centres adds value to our Unitholders and the community around them.

During the year, we completed 14 asset enhancement projects all of which exceeded 15% return on investment. Among them, the asset enhancement projects at T Town (formerly known as Chung Fu Plaza) and TKO Market are major overhaul and showcase Link's abilities as a leading owner and manager of retail assets in Hong Kong.

Completed in 2016, asset enhancement of TKO Gateway involved upgrading the shopping arcade and rebranding Hau Tak Shopping Centre into a Destination Shopping Centre in Tseung Kwan O. This year, we further upgraded the fresh market in TKO Gateway with revamped market stalls, new layouts and prominent entrances. A dedicated Food Lane has been introduced for light meals and late night snacks, drawing young shoppers and families for casual dining experience. Well connected to other districts by extensive transportation network, TKO Gateway together with the transformed TKO Market has become a unique one-stop retail hub and gateway to the area. They have attracted shoppers within and outside Tseung Kwan O.

**Return on Investment of Asset Enhancement Projects Completed in the Year Ended 31 March 2018**

| | **Total Project Capex** *HK$'M* | **Estimated return on investment** [1] *%* |
|---|---|---|
| Lung Hang Commercial Centre | 58 | 21.4 |
| T Town | 260 | 19.1 |
| Cheung Wah Shopping Centre | 101 | 17.6 |
| Kwong Fuk Commercial Centre [2] | 31 | 20.4 |
| Fu Tung Market [2] | 29 | 25.9 |
| Tin Tsz Shopping Centre | 38 | 37.7 |
| Temple Mall South | 151 | 30.7 |
| Siu Sai Wan Plaza | 56 | 25.0 |
| Lok Wah Commercial Centre | 46 | 15.3 |
| Tsz Wan Shan Shopping Centre – Retail | 70 | 24.8 |
| Tsui Ping North Shopping Circuit | 37 | 30.1 |
| TKO Market [2] | 91 | 15.3 |
| Hin Keng Shopping Centre | 35 | 40.4 |
| Tin Chak Shopping Centre | 41 | 15.2 |
| **Total** | **1,044** | |

*Notes:*

(1) 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.

(2) Included a fresh market upgrade.

The full upgrade of Temple Mall South is a continuation of the enhancement work of Temple Mall North. The aged and underutilised fresh market had been converted to a well-designed retail and food and beverage arcade which complemented the retail offerings of Temple Mall North and South and brought the best out of their growth potential. Footfall of Temple Mall South has also improved as the new food and beverage arcade draws traffic from the MTR station. We also carried out refurbishments in three Community Shopping Centres (namely Siu Sai Wan Plaza, Tsz Wan Shan Shopping Centre and Tin Chak Shopping Centre) to upkeep the properties' competitiveness.

We maintain a pipeline of asset enhancement projects to keep growing our properties and the return to Unitholders. Currently, we have 10 projects underway with another four projects to commence. There are also over 20 projects under planning feeding the pipeline well into 2023.

This year is a record year for fresh market upgrades. 12 fresh market enhancement projects were completed with three under direct-management and nine by external market operators. We have accelerated the pace of fresh market revitalisation in view of increasing shopper demands and very encouraging feedbacks from the market tenants.

**Asset Enhancement Pipeline**

| | **Number of projects** | **Estimated costs** *HK$'M* |
|---|---|---|
| Underway | 10 | 912 |
| Pending statutory approval | 4 | 559 |
| Others under planning | >20 | > 1,300 |
| **Total** | **>34** | **>2,771** |

**Approved Asset Enhancement Projects Underway**

| | Estimated costs *HK$'M* | Target completion date |
|---|---:|---:|
| Wan Tsui Commercial Complex | 151 | Mid 2018 |
| Homantin Plaza [1] | 124 | Mid 2018 |
| Sam Shing Commercial Centre | 32 | Mid 2018 |
| Fu Shin Shopping Centre [1] | 93 | Mid 2018 |
| Kai Tin Shopping Centre Phase 1 | 34 | Late 2018 |
| Cheung Fat Plaza | 98 | Late 2018 |
| Fu Tai Shopping Centre | 59 | Late 2018 |
| Shun Lee Commercial Centre | 76 | Early 2019 |
| Lok Fu Place | 151 | Early 2019 |
| Choi Ming Shopping Centre | 94 | Early 2019 |
| **Total** | **912** | |

*Note:*
(1) Included a fresh market upgrade.

**Acquisition**

Our performance is underpinned by a resilient portfolio with focus on sustainable DPU growth. In May 2017, we completed the acquisition of Metropolitan Plaza in Guangzhou for RMB4,065 million.

We see growth potential with Metropolitan Plaza. It is strategically located at the core of Liwan district and enjoys good connectivity via direct connection with the Huangsha metro station. Food and beverage, leisure and entertainment accounted for over 40% of the space by area, offering a unique shopping, dining and entertainment experience for shoppers and visitors in the area. With outstanding reversion, Guangzhou Metropolitan Plaza has contributed significantly to our overall portfolio.

The tower portion of 700 Nathan Road in Mong Kok was opened for operation in late 2017. It has received strong interests from medical clinics, beauty and co-working business centres and around 70% of space has been committed or under advanced negotiation as at 31 March 2018. Retail podium – branded T.O.P This is Our Place (T.O.P) – is scheduled for launch in mid-2018. T.O.P will feature food and beverage, lifestyle and fashion and beauty brands popular among youngsters. We expect T.O.P to become an iconic destination for exciting urban entertainment in a prime area, retaining and growing Link's share of our shoppers' wallets.

Going forward, we will continue to explore acquisition opportunities in retail properties in suburban areas and premium grade-A offices located in core CBDs in Hong Kong and tier-one cities in Mainland China with a view to enhance quality mix of our portfolio.

**Divestment**

We pursue a capital recycle strategy to enhance our portfolio quality. During the year, upon a portfolio strategic review, we divested 17 properties for HK$23 billion. In aggregate, a premium of 52% over their appraised value (as at 30 September 2017) was achieved. The divestment attracted strong interest among local property investors as well as global property investment funds, and raised the profile of our retail properties among institutional investors beyond Hong Kong.

The divestment marks the completion of a milestone in portfolio upgrades and capital recycling in the long-term growth trajectory of Link, when non-core or slow growth properties were replaced with quality assets in Hong Kong and Mainland China. Proceeds would be used to neutralise the DPU loss from the divestment through continued unit buyback where market conditions and regulations permit, fund new acquisitions of quality assets when opportunities arise, repay debts and for general working capital purposes.

**Development**

The Quayside, our joint venture project with Nan Fung Development Limited at 77 Hoi Bun Road in Kowloon East, will be completed in early 2019. J.P. Morgan has committed to take up about 32% of the office space. Featuring large floor plates and a podium garden with sports and recreational facilities, The Quayside is set to become a new grade-A office landmark in the vibrant business district of Kowloon East. The HKSAR Government has rolled out many initiatives to promote and make the Kowloon East Action Area attractive to business and corporations seeking expansion or relocation from core-CBD areas. Construction and leasing are both progressing well.

Designed and developed as an environmentally-friendly low carbon building, The Quayside has achieved LEED Platinum, BEAM Plus Platinum and WELL Gold pre-certifications and has over 400 EV ready parking spaces.

**Environmental Excellence**

Maintaining our progress to enable the creation of better places and meeting our environmental targets, we continued to install energy efficient lighting and equipment, implement retro-commissioning initiative and fine tune control system to optimise building service system's energy efficiency. As a result, our year-on-year annual consumption was reduced by 4.3% corresponding to 31.3% cumulative reduction in Hong Kong since 2010. This marks our achievement in reaching our 20/30 vision two years ahead of schedule. Our carbon footprint, mainly comprising of electricity consumption, has been successfully reduced by 40.2% since 2010. To achieve another milestone, we have begun researching on Science Based Target methodologies, aiming to set our next energy target and continue to align with global best practices.

Continuing with our waste management efforts through surplus food collection, we partner with non-governmental organisations and tenants. During the year, approximately 126.2 tonnes of waste were diverted from landfills. A total of 31.5 tonnes of packaged food were redistributed and over 437,400 meals were produced for people in need with surplus food collected from our fresh markets.

## Maintain a Balanced Capital Structure

Link remains focused on maintaining a prudent and flexible capital structure that enables us to weather market fluctuations and be agile in capturing business opportunities including acquisitions and divestments. The four pillars of our capital management strategy are:

- Optimising long-term capital structure and maintaining near-term flexibility;
- Maintaining strong corporate credit ratings to secure low funding cost;
- Extending debt maturity profile to mitigate refinancing risks; and
- Managing exposure to interest rate and foreign exchange volatility.

**Capital Management**

During the year under review, US Federal Reserve increased interest rate three times (for a total of 0.75%) as US employment and inflation continued to pick up. However, HK$ interest rates increased at a much slower pace due to liquidity flooding the Hong Kong banking system. Interest rate differential between US$ LIBOR and HK$ HIBOR exceeded 1%, a level not seen in the last decade.

HK$ loan margins were also under pressure and squeezed to the lowest level since financial crisis in 2009. We took the opportunity to refinance a HK$1 billion bank loan with 5-year maturity at an all-in cost of HIBOR + 0.8% per annum.

**Committed Debt Facilities** [1]
*(As at 31 March 2018)*

| (HK$ billion) | Fixed rate debt [2] | Floating rate debt [2] | Utilised facilities | Undrawn facilities | Total committed facilities |
|---|---|---|---|---|---|
| Unsecured bank loans | 10.0 | – | 10.0 | 11.0 | 21.0 |
| MTN | 9.9 | 6.4 | 16.3 | – | 16.3 |
| **Total** | **19.9** | **6.4** | **26.3** | **11.0** | **37.3** |
| Percentage | 75.8% | 24.2% | 70.5% | 29.5% | 100% |

*Notes:*
(1) All amounts are at face value.

(2) After interest rate swaps.

17 properties were divested during the year under review for a total of HK$23 billion, of which HK$12 billion has been applied to revolving bank loan repayment. While achieving interest cost savings, we are able to maintain the flexibility to redraw such amount when cash flow needs arise.

**Facility Maturity Profile** [1]
*(As at 31 March 2018)*

| (HK$ billion) | Unsecured bank loans | MTN | Undrawn facilities | Total |
|---|---|---|---|---|
| Due in 2018/2019 | 1.5 | 1.1 | 1.9 | 4.5 |
| Due in 2019/2020 | 2.7 | 1.3 | 2.8 | 6.8 |
| Due in 2020/2021 | 2.5 | 0.4 | 2.5 | 5.4 |
| Due in 2021/2022 | 2.6 | 1.4 | 2.9 | 6.9 |
| Due in 2022/2023 and beyond | 0.7 | 12.1 | 0.9 | 13.7 |
| **Total** | **10.0** | **16.3** | **11.0** | **37.3** |

*Note:*
(1) All amounts are at face value.

As at 31 March 2018, total debt was HK$26.3 billion (31 March 2017: HK$28.0 billion) and our available liquidity increased to HK$22.7 billion (31 March 2017: HK$10.7 billion), comprising HK$11.7 billion cash and deposit (31 March 2017: HK$0.7 billion), and HK$11.0 billion undrawn committed facilities (31 March 2017: HK$10.0 billion). Increase in year-end cash and deposit balance was primarily due to the cash retained from divestment.

Gearing ratio reduced to 11.9% (31 March 2017: 15.6%) mainly due to a higher property valuation during the year under review. Average life of committed debt facilities stood at a healthy level of about 4 years (31 March 2017: 4.7 years).

Looking ahead, the financial market generally expects at least two more interest rate hikes by US Federal Reserve by the end of 2018. If liquidity in the HK$ banking market starts to reduce, HK$ interest rate may increase faster than US$ interest rate. However, we believe that Link is well positioned to face the potential challenge. As at 31 March 2018, 75.8% of our total debt was maintained at fixed interest rate (31 March 2017: 61.4%). Average life of fixed rate debt, representing the average period of interest rate protection provided by fixed rate debt, stood at 5.3 years (31 March 2017: 6.3 years). Due to the increased hedging percentage, effective interest cost of our debt portfolio increased to 2.89% (31 March 2017: 2.65%).

As part of Link's capital management strategy, we used some of the proceeds from divestment to buy back 64.5 million units during the year under review at an average price of HK$67.43 per unit. We expect to continue with further unit buyback of up to 80 million more units in the coming months to neutralise loss in distribution from divestment where market conditions and regulations permit.

On 21 July 2017, Standard & Poor's upgraded Link's anchor rating from "a" to "a+" in view of our strong market position, strengthened asset quality and improving geographic diversification. Link's key rating trigger (ratio of funds from operation to debt) was relaxed from 15% to 12% while our overall credit rating was affirmed at "A/Stable". As a result of this relaxation of rating trigger, coupled with the increased available liquidity we have after the divestment, Link has more flexibility in raising funds and a higher acquisition buffer for future acquisition when opportunities arise. On 8 May 2018, Moody's affirmed Link's credit ratings at "A2/Stable".

### Develop a Strong Team

Link's continuous growth is underpinned by the effort and contribution of our team comprising nearly 900 people. We believe the key to building a talented, fully-aligned and high performing team lies in our commitment to provide opportunities for our staff to learn, grow, and be inspired. We ensure that our people can be well prepared for future business dynamics facing challenges and opportunities.

To maintain our productivity and ensure that our overall salary, bonus and other benefits remain competitive, we regularly review our talent strategy and plan such as workforce planning, total reward programmes and the learning and development initiatives.

### Attracting and Retaining Talents

Having the best fit in each work position builds a strong platform for us to raise Link to higher level of success. At Link we constantly assess our talent pipeline and mobility to identify and capture opportunities to grow our human capital.

### Strengthening Leadership Bench

This year we reinforced our human capital foundation and developed a bench of capable and aligned leaders to help our business grow. At senior executive level, we introduced the new roles of the Chief Operating Officer supervising the project and development, property management and operations, legal and company secretarial and information technology functions, and the Chief Strategy Officer who will help develop our corporate strategy and oversee the implementation of initiatives agreed with the Board.

In the year, we also expanded our talent pool with new hires of professional managers from diverse industries, professions, and backgrounds in lock-step with our growth and the expansion of our business in Hong Kong and China.

### Building and Developing People Capabilities

Building pipeline of talents is the first critical step of enhancing our people capabilities. The introduction of Link's Management Associate Program with well-designed career development roadmap helps attract young talents for our human capital stockpile. In the year, we continued our investment in learning and development to prepare our workforce for their career development. To this end, we put in place a progressive competency-based approach in people development. This ensures that members of our team not only know what is expected of them in their current roles, but also the competencies and attributes they should bring to bear on Link's future. This is in addition to the continuous efforts in reviewing learning needs and developing just-in-time learning tools for our workforce to sharpen their capabilities.

In the year under review, we had the Property Council Academy coming from Australia to run series of property asset management advanced trainings for not only our Directors and senior executives, but also members of our asset management team and its internal partners. The series of training covered not only business modelling but also technical areas like town planning, valuation methodologies, building design and facilities management for energy-saving and environmental friendliness for staff to have a thorough understanding of the strategic role of asset management in the business of Link.

### Leadership Development

Building leaders today for tomorrow is critical for long term and sustainable growth of an organisation. In the year, we launched the Leaders Development Centre (the ***Development Centre***) as part of our people capability acceleration initiative. With the focus of “Fit for Future”, the Development Centre serves as the platform in developing leadership competencies for strategic execution capability. Since the launch of the Development Centre in early 2018, a series of leadership development initiatives have been mapped and rolled out including the Leaders Forum which was a thought-exchange session to develop strategic thinking capabilities through simulated case-based learning. To embed sense of joint-ownership in their own development journey, all staff have mapped their development key performance indicator into the individual annual objectives to ensure continuous and lifelong learning.

### Staff Engagement

To deliver excellent performance as well as being closely connected and aligned with our business strategy, we see the significance in having open communication with our staff. We value and listen to our staff’s feedback through various staff engagement initiatives. In year 2017/2018, we conducted a company-wide employee survey to gather views on Link’s policies and initiatives. Post-survey staff focus groups were organised to follow up on areas identified. An open and transparent dialogue with staff ensures business plans are well understood on execution, and openness in staff communication helps retain talents.

In the year, we continued to support volunteer works. We encouraged our staff to participate in various community works or under our Link Together Initiatives. To acknowledge their contribution to society and community, we granted volunteer leave to volunteering staff.

### Health, Well-Being and Safety

At Link, health and safety are not only about statutory compliance. We care about the well-being of not only our own staff but also staff of the contractors who work at and visitors who patron our properties. Our operations comply with regulatory industry practices. In the year under review, we reviewed and updated our health and safety policy and had zero accident at work place. We provided training on health and work safety for our staff and contractors and had zero work day loss across our business operations. We conducted routine emergency drills at our properties and emergency response operations as part of our disaster recovery plan.

Work-life balance enhances productivity and performance. We promote staff well-being by encouraging them to live a healthy lifestyle. In the year, we introduced a Wellness Programme – themed “We Link People to a Healthy Future” – bringing together activities such as Green Monday emphasising healthy diet, providing in-office fatigue/relaxation equipment and therapeutic programmes by The Hong Kong Society for the Blind and employees assistance hotline on mental health and stress management.

**Diversity and Inclusion**

We recognise the value of diversity and inclusion in building an agile, dynamic team to serve tenants and other stakeholders living around our properties. At Link, we welcome talents of all races, backgrounds, skill set and experiences. We are the first REIT in Asia to endorse the Women's Empowerment Principles – a closely tied collaboration between UN Women and the UN Global Compact and are committed to respect and implement the principles at all levels of our business.

As of 31 March 2018, half of our workforce is female. We have four females among our senior executives and four female Board members. We ranked second among 51 Hong Kong listed companies surveyed on percentage of women directors serving on board level. On age, our employees are evenly spread across different age groups.

As of 31 March 2018, we have 895 employees, including 15 Mainland China staff. In the year under review, our staff attrition rate for Hong Kong operations was approximately 19.8% (2017: 19.4%), which was roughly in line with previous year end reflected keen competition for labor across industries in Hong Kong. Attrition rate was, however, low among staff with good performance rating. We keep refining our talent management strategy to attract and retain staff.

**Gender Balance**

| | % male | % female |
|---|---|---|
| Employees [1][2] | 49.1 | 50.9 |
| Senior Management [2][3] | 66.7 | 33.3 |
| Board [3] | 69.2 | 30.8 |

*Notes:*

(1) Excluding senior management, as at 31 March 2018.

(2) Excluding the Chief Executive Office and the Chief Operating Officer.

(3) Figures as at date of this announcement.

## Help our Communities Flourish

Creating places that offer compelling and enjoyable experiences for our shoppers is what we do best. We develop strong relationships with our tenants and support them in their omni-channel businesses. When our communities do well, we do well.

**Building Better Places and Meeting our Communities Needs**

Consumer trends change and they change fast. We help our tenants adapt to modern-day shopping environments for them to grow their business. We continuously renovate and upgrade our retail facilities. We constantly assess and improve on our property management standards in lockstep with the upgrade and improvements we are making to our properties. These efforts aim to provide good operating environment for our tenants and enjoyable shopping experience to shoppers.

Our Mystery Shopper Programme – launched since 2011 – has been an integral part of our continuous efforts to enhance customer shopping satisfaction. It was conducted by independent party which injected objectivity, credibility, and valuable inputs in our assessment on quality of our property management service standards and amenities across our portfolio. The results of the Mystery Shopper Programme are announced as part of a competition among property clusters and analysed in the attempt to improve the efficiency of our operations. Through results collected, we update property management standards of our staff and provide business guidance for tenants to attract and delight shoppers in the omni-channels retail business environment. Our portfolio-wide performance has remained consistent, particularly in categories such as environment and barrier-free accessibility.

Since 2013, we commissioned external consultants to conduct independent perception audits, covering the opinions of our stakeholders. Audit results continued to show progress in achieving “Neutral” to “Positive” perception, which accounted for 96%. As we continue to grow, it is vital that we continue to assess our performance from the perspectives of those around us and to continue to find new ways to ensure our properties remain the preferred destination for our shoppers and tenants.

To understand our customers’ spending patterns, profiles, needs and expectations, we began tracking the Link Community Sentiment Index (Link CSI) since 2014. In the 4th quarter of 2017, Link CSI was 114, which has continued to outperform Hong Kong Consumer Confidence Index (HK CCI). A steadied level has been maintained over the year and resulted in a 6.5% increase, when compared to the same quarter last year.

**Tenant Mix**

Our portfolio is well-structured with more than 9,500 tenancies across Hong Kong, offering diversified shopping experiences to shoppers. District-level analyses and tenants surveys are key approaches we use to identify opportunities and understand local demand and preferences. In response to changing customers’ needs, we continuously refine our trade mix to create a vibrant ambience and good footfall for tenants. Compared to the last financial year, our average monthly retail sales per square foot of our Hong Kong portfolio grew gradually at 8.0% – outperforming the general Hong Kong retail market. Dominant daily necessity trades such as “Food and Beverage” and “Supermarket and Foodstuff” remained robust and recorded a year-on-year growth in retail sales per square foot of 11.9% and 3.7% respectively, while “General Retail” had a 8.1% increase.

Rent-to-sales ratio of the overall Hong Kong portfolio was 12.9% for the year. On specific trade categories, our tenants' rent-to-sales ratio for "Food and Beverage", "Supermarket and Foodstuff" and "General Retail" were 13.0%, 11.4% and 14.3% respectively for the year under review.

**Hong Kong Portfolio Retail Trade Mix**
*(As at 31 March 2018)*

| Trade | By monthly rent % | By leased area % |
|---|---|---|
| Food and Beverage | 27.6 | 28.1 |
| Supermarket and Foodstuff | 21.9 | 18.1 |
| Markets/Cooked Food Stalls | 14.6 | 8.8 |
| Services | 10.5 | 9.7 |
| Personal Care/Medicine | 5.7 | 3.8 |
| Education/Welfare and Ancillary | 0.9 | 7.2 |
| Valuable Goods (Jewellery, watches and clocks) | 0.8 | 0.4 |
| Others [1] | 18.0 | 23.9 |
| **Total** | **100.0** | **100.0** |

*Note:*
(1) Others include clothing, department stores, electrical and household products, optical, books and stationery, newspaper, leisure and entertainment.

**Link Tenant Academy**

Good relationship with our tenants is essential to understanding their retail requirements and helping them flourish. In addition to providing a welcoming environment to do business, we build our relationships through our quarterly Link Tenant Academy events. In the past year, approximately 750 participants joined the events, which offered a platform to:

- Open two-way engagement with our tenants to voice their opinions;
- Provide and share the latest retail industry best practices to improve tenant's operational efficiency; and
- Foster awareness of the latest local retail trends specific to their business environment.

This year, we collaborated with the Hong Kong Institute of Financial Analysts and Professional Commentators (IFAPC) to provide wealth management and investment knowledge to both our tenants and shoppers. We launched three Link Tenant Academy Mall Talks and they were held at our shopping centres and had attracted approximately 190 participants throughout the year.

Our Tenant Excellence Awards – introduced last year – employed a "mystery shoppers" approach to help our tenants improve their services and offerings and grow their business against ever-evolving shopper preferences. To build on our awards scheme, the top ten tenants are presented with trophies and an opportunity to join a mentorship programme organised by IFAPC.

**Link Together Initiatives Updates**

We understand that building and maintaining strong relationships with our communities is essential to the sustainable success of our business. To this end, we implemented various projects through Link Together Initiatives which is our flagship charity and community engagement programme. Each year, we allow up to 0.25% of our net property income of our last financial year to fund charitable projects. For 2017/2018 we allocated approximately HK$9 million for 7 projects. Since 2013/2014, under the Link Together Initiatives we have earmarked approximately HK$47 million for community and charitable projects.

The programme focuses on two core areas, Major Project Fund and Link First Generation University Student Scholarship. The Major Project Fund, in its fifth year of operation, contributed HK$6.1 million to six community projects including "Food Angel-Love and Food Sharing" and "Music for Everyone @ Link". The "Food Angel-Love and Food Sharing" is a comprehensive surplus food recycling programme at our fresh markets and shopping centres, which aims to benefit approximately 1.3 million underprivileged people and recover about 345,000 kg of food from being wasted during the second year of programme, starting from October 2017. A Total Impact Assessment was conducted for this programme, and results indicated that in the first year of funding every HK$1 we invested created HK$2.1 worth of socio-environmental benefits to the community. Introducing musical instruments to children in need through interactive music performances from "Music for Everyone @ Link" creates opportunities for them, while developing their music careers through Link's Music Scholarship.

In line with our pledge on "*We Link People to a Brighter Future*" we roll out scholarship programme – our First Generation University Student Scholarship – to support students in need. Since launch, the programme has supported 370 students who are the first from among three generations of their families to study at one of Hong Kong's universities. In 2017/2018 a total of HK$2.8 million was awarded to 140 students. The programme was independently supervised by HKCSS WiseGiving Limited of The Hong Kong Council of Social Service with nominations directly from high school principals, 40 of which are second and third year university students that have independently applied online. Awardees was admitted as a Link Scholars Alumni and would be given priority consideration on internship programme.

## FINANCIAL REVIEW

Link has concluded 2017/2018 with remarkable accomplishments. Complemented by the successful divestments following the completion of strategic review, we have achieved another set of solid financial results.

### Hong Kong Portfolio

*Revenue Analysis*

Growth of retail and car park portfolios remained steady and promising. Total revenue rose 5.3% to HK$9,139 million (2017: HK$8,681 million), comprising rental income from retail properties of HK$6,691 million (2017: HK$6,352 million), car parks of HK$2,046 million (2017: HK$1,940 million) and other property related revenue of HK$402 million (2017: HK$389 million).

While the Hong Kong retail market regained its momentum gradually in 2017, Link pursued active tenant mix enhancement and marketing programmes to create a better operating and shopping environment for our tenants. Retail rentals recorded a 5.3% increase with high reversion and occupancy. Car park rentals have also increased by 5.5% in view of the high demand of car parking spaces and the increase in visitations to our shopping centres. Excluding properties divested and acquired during the periods under analysis, retail rentals and car park rentals increased satisfactorily by 9.5% and 10.9% respectively.

**Revenue Breakdown**

| | **Year ended 31 March 2018** *HK$'M* | Year ended 31 March 2017 *HK$'M* | Year-on-year change *%* |
|---|---|---|---|
| **Retail rentals:** | | | |
| Shops [(1)] | **5,460** | 5,140 | 6.2 |
| Markets/Cooked Food Stalls | **905** | 893 | 1.3 |
| Education/Welfare and Ancillary | **149** | 147 | 1.4 |
| Mall Merchandising | **177** | 172 | 2.9 |
| **Car parks rentals:** | | | |
| Monthly | **1,537** | 1,456 | 5.6 |
| Hourly | **509** | 484 | 5.2 |
| **Expenses recovery and other miscellaneous revenue:** | | | |
| Property related revenue [(2)] | **402** | 389 | 3.3 |
| **Total revenue** | **9,139** | 8,681 | 5.3 |

*Notes:*

(1) Rental from shops included base rent of HK$5,339 million (2017: HK$5,015 million) and turnover rent of HK$121 million (2017: HK$125 million), respectively.

(2) Property related revenue included other revenue from retail properties of HK$397 million (2017: HK$385 million) and car parks of HK$5 million (2017: HK$4 million).

### *Expense Analysis*

Total property operating expenses increased by 0.7% during the year as a result of the divestment of 17 properties. Net property income margin improved to 76.4% (2017: 75.3%) under our disciplined cost control. Excluding properties divested and acquired during the periods under analysis, net property income margin improved to 77.0%.

Despite the 6.2% increase in statutory minimum wage in May 2017 and the increase in car park operators' contract fee, property managers' fees and security and cleaning expenses increased slightly by 2.3%. To enhance the attractiveness of our destination centres, promotion and marketing expenses increased by 12.4%. Investments in energy saving programme and building management system improvement contributed to lowered utility expenses by 2.4%.

### Property Operating Expenses Breakdown

| | **Year ended 31 March 2018** *HK$'M* | Year ended 31 March 2017 *HK$'M* | Year-on-year change *%* |
|---|---|---|---|
| Property managers' fees, security and cleaning | **570** | 557 | 2.3 |
| Staff costs | **431** | 417 | 3.4 |
| Repair and maintenance | **211** | 219 | (3.7) |
| Utilities | **284** | 291 | (2.4) |
| Government rent and rates | **288** | 282 | 2.1 |
| Promotion and marketing expenses | **136** | 121 | 12.4 |
| Estate common area costs | **100** | 106 | (5.7) |
| Other property operating expenses | **140** | 153 | (8.5) |
| **Total property operating expenses** | **2,160** | 2,146 | 0.7 |

### Mainland China Portfolio

The satisfactory results achieved by our Mainland China portfolio in the first half of the financial year were extended to the second half. With the contributions of our three properties, total revenue and net property income increased 54.0% and 49.0% year-on-year to HK$884 million (2017: HK$574 million) and HK$684 million (2017: HK$459 million) respectively, mainly attributable to the newly acquired Metropolitan Plaza.

Retail portfolio achieved outstanding results. EC Mall in Beijing has achieved strong reversion at 29.4% and full occupancy. We churned over-size restaurant space at EC Mall into a mix of retail offerings with large varieties. The newly acquired Metropolitan Plaza in Guangzhou lifted our Mainland China portfolio's performance with outstanding rental reversion at 61.2% and increased occupancy to 99.2%.

Our office property – Link Square 1 & 2 in Shanghai – recorded satisfactory reversion as a result of existing tenants' expansions.

**Valuation Review**

Notwithstanding the divestment of 17 properties in the year, total value of investment properties (including properties under development and renovation and properties in Mainland China) grew 16.7% from HK$174,006 million as at 31 March 2017 to HK$203,091 million as at 31 March 2018. On a like-for-like basis excluding properties divested and acquired during the periods under analysis, valuation of the investment properties portfolio (including property under development and properties in Mainland China) increased by 25.4% year-on-year.

Following the completion of strategic review, our valuer carried out a valuation review as at 31 December 2017 with a compression of capitalisation rates to reflect the high transacted price achieved in the successful divestment of 17 retail properties. As at this financial year end, value of our Hong Kong retail properties increased 13.4% to HK$141,513 million (31 March 2017: HK$124,739 million) and value of car parks increased 12.0% to HK$34,510 million (31 March 2017: HK$30,813 million) driven by the continuous improvement in our portfolio quality and the compression of capitalisation rates. As at 31 March 2018, capitalisation rates compressed by 0.55% to 3.98% (31 March 2017: 4.53%) for retail and 0.60% to 4.14% (31 March 2017: 4.74%) for car parks. Value of the Hong Kong property under development in Kowloon East – The Quayside – also increased to HK$8,733 million (31 March 2017: HK$7,349 million).

Properties in Mainland China were valued at HK$18,335 million (31 March 2017: HK$11,105 million) upon the addition of Metropolitan Plaza in Guangzhou which increased the value of our Mainland China portfolio by 65.1% as at 31 March 2018.

Jones Lang LaSalle Limited, our Principal Valuer, valued our completed properties in Hong Kong and Mainland China using income capitalisation and DCF approaches, having also cross-referenced via direct comparison approaches market comparables. For the property under development, the residual method was used. For the property under renovation, the income capitalisation approach was used and cross-checked with the direct comparison approach.

*Valuation Approach*

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Income Capitalisation Approach – Capitalisation Rate** | | |
| **Hong Kong** | | |
| Retail properties: weighted average | **3.98%** | 4.53% |
| Car parks: weighted average | **4.14%** | 4.74% |
| Overall weighted average | **4.01%** | 4.57% |
| **Mainland China** | | |
| Retail properties | **4.50% – 4.75%** | 4.50% |
| Office properties | **4.25%** | 4.25% |
| **DCF Approach – Discount Rate** | | |
| **Hong Kong** | **7.50%** | 7.50% |
| **Mainland China** | | |
| Retail properties | **7.25% – 7.75%** | 7.25% – 7.50% |
| Office properties | **7.25%** | 7.25% |

## OUTLOOK AND STRATEGY

The retail market in Hong Kong continues to improve and we foresee a robust economy will remain in place, supporting growing consumption. Economies in China's tier one cities will remain steady, buoyed by growing household income and increasing purchasing power.

We are convinced that we have the right team and strategy in place to meet future opportunities and challenges. With our talented management team and engaged colleagues, we are well positioned to build on our past efforts and continue to create value for Unitholders and those around us.

## CONSOLIDATED INCOME STATEMENT

*FOR THE YEAR ENDED 31 MARCH 2018*

| | Note | 2018 HK$'M | 2017 HK$'M |
|---|---|---|---|
| **Revenue** | 2 | **10,023** | 9,255 |
| Property operating expenses | | **(2,360)** | (2,261) |
| Net property income | | **7,663** | 6,994 |
| General and administrative expenses | | **(417)** | (342) |
| Change in fair values of investment properties | | **35,493** | 11,494 |
| Gains on disposals of investment properties | | **7,306** | 1,387 |
| Interest income | | **19** | 4 |
| Finance costs | | **(665)** | (567) |
| **Profit before taxation and transactions with Unitholders** | 4 | **49,399** | 18,970 |
| Taxation | 5 | **(1,420)** | (1,057) |
| **Profit for the year, before transactions with Unitholders** | | **47,979** | 17,913 |
| Distributions paid to Unitholders: | | | |
| – 2018 interim distribution | | **(2,673)** | – |
| – 2017 final distribution | | **(2,581)** | – |
| – 2017 interim distribution | | **–** | (2,494) |
| – 2016 final distribution | | **–** | (2,404) |
| | | **42,725** | 13,015 |
| Represented by: | | | |
| Change in net assets attributable to Unitholders, excluding issues of new units and units bought back | | **44,609** | 12,461 |
| Amount arising from exchange reserve and cash flow hedging reserve movements | | **(2,102)** | 352 |
| Non-controlling interest | | **218** | 202 |
| | | **42,725** | 13,015 |
| Profit for the year, before transactions with Unitholders attributable to | | | |
| – Unitholders *(Note)* | 6 | **47,761** | 17,711 |
| – Non-controlling interest | | **218** | 202 |
| | | **47,979** | 17,913 |

*Note:* Earnings per unit, based upon profit for the year, before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in Note 6 to the consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2018*

| | Before transactions with Unitholders HK$'M | Transactions with Unitholders (Note (i)) HK$'M | After transactions with Unitholders (Note (ii)) HK$'M | Non-controlling interest HK$'M | Total HK$'M |
|---|---|---|---|---|---|
| **For the year ended 31 March 2018** | | | | | |
| Profit for the year | **47,761** | **(49,863)** | **(2,102)** | **218** | **(1,884)** |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to the consolidated income statement | | | | | |
| – Cash flow hedging reserve | **284** | **–** | **284** | **–** | **284** |
| – Exchange reserve | **1,818** | **–** | **1,818** | **–** | **1,818** |
| **Total comprehensive income for the year** | **49,863** | **(49,863)** | **–** | **218** | **218** |
| For the year ended 31 March 2017 | | | | | |
| Profit for the year | 17,711 | (17,359) | 352 | 202 | 554 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to the consolidated income statement | | | | | |
| – Cash flow hedging reserve | 310 | – | 310 | – | 310 |
| – Exchange reserve | (662) | – | (662) | – | (662) |
| Total comprehensive income for the year | 17,359 | (17,359) | – | 202 | 202 |

*Notes:*

(i) Transactions with Unitholders comprise the distributions to Unitholders of HK$5,254 million (2017: HK$4,898 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, of HK$44,609 million (2017: HK$12,461 million).

(ii) In accordance with the Trust Deed, the units of Link contain contractual obligations 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 and units bought back, 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 2018*

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| **Profit for the year, before transactions with Unitholders attributable to Unitholders** | **47,761** | 17,711 |
| Adjustments: | | |
| – Change in fair values of investment properties attributable to Unitholders | **(35,270)** | (11,290) |
| – Deferred taxation on change in fair values of investment properties attributable to Unitholders | **368** | 73 |
| – Other non-cash income | **(122)** | (107) |
| – Depreciation charge on investment properties under China Accounting Standards | **(150)** | (83) |
| – Gains on disposals of investment properties, net of transaction costs | **(7,306)** | (1,312) |
| **Total Distributable Income** *(Note (i))* | **5,281** | 4,992 |
| **Discretionary distribution** *(Note (ii))* | **150** | 83 |
| **Total Distributable Amount** | **5,431** | 5,075 |
| Interim distribution, paid | **2,673** | 2,494 |
| Final distribution, to be paid to the Unitholders | **2,758** | 2,581 |
| Total distributions for the year | **5,431** | 5,075 |
| Total Distributable Amount as a percentage of Total Distributable Income | **103%** | 102% |
| Units in issue at 31 March | **2,150,058,972** | 2,213,002,276 |
| Distributions per unit to Unitholders: | | |
| – Interim distribution per unit, paid *(Note (iii))* | **HK121.50 cents** | HK111.75 cents |
| – Final distribution per unit, to be paid to the Unitholders *(Note (iv))* | **HK128.28 cents** | HK116.66 cents |
| **Distribution per unit for the year** | **HK249.78 cents** | HK228.41 cents |

*Notes:*

(i) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after taxation attributable to Unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated income statement for the relevant year. Link 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. The Manager has decided to distribute 100% (2017: 100%) of Total Distributable Income as the distribution for the year ended 31 March 2018.

(ii) Discretionary distribution refers to any additional amount to be distributed as determined by the Manager pursuant to clause 13.4 of the Trust Deed. The Manager recommended a discretionary distribution relating to the adjustment for depreciation charge on investment properties under China Accounting Standards during the year.

(iii) The interim distribution per unit of HK121.50 cents (2017: HK111.75 cents) for the six months ended 30 September 2017 is calculated based on the interim distribution of HK$2,673 million (2017: HK$2,494 million) for the period and 2,199,876,472 units (2017: 2,231,341,276 units) in issue as at 30 September 2017. The interim distribution was paid to Unitholders on 1 December 2017.

(iv) The final distribution per unit of HK128.28 cents (2017: HK116.66 cents) for the year ended 31 March 2018 is calculated based on the final distribution to be paid to the Unitholders of HK$2,758 million (2017: HK$2,581 million) for the second half of the financial year and 2,150,058,972 units (2017: 2,213,002,276 units) in issue as at 31 March 2018, without taking into account any change in the number of units in issue subsequent to the approval of the consolidated financial statements. The final distribution will be paid to Unitholders on 5 July 2018.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 MARCH 2018*

| | Note | 2018 HK$'M | 2017 HK$'M |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | | **416** | 466 |
| Investment properties | | **203,091** | 174,006 |
| Property, plant and equipment | | **115** | 87 |
| Derivative financial instruments | | **280** | 116 |
| | | **203,902** | 174,675 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **715** | 503 |
| Deposits and prepayments | | **97** | 77 |
| Derivative financial instruments | | **1** | – |
| Short-term bank deposits | | **8,525** | 150 |
| Cash and cash equivalents | | **3,164** | 535 |
| | | **12,502** | 1,265 |
| **Total assets** | | **216,404** | 175,940 |
| **Current liabilities** | | | |
| Trade payables, receipts in advance and accruals | 8 | **2,462** | 1,870 |
| Security deposits | | **1,665** | 1,494 |
| Provision for taxation | | **420** | 305 |
| Current portion of long-term incentive schemes provision | | **87** | 76 |
| Interest bearing liabilities | 9 | **2,589** | 300 |
| Derivative financial instruments | | **2** | 1 |
| | | **7,225** | 4,046 |
| **Net current assets/(liabilities)** | | **5,277** | (2,781) |
| **Total assets less current liabilities** | | **209,179** | 171,894 |
| **Non-current liabilities, excluding net assets attributable to Unitholders** | | | |
| Long-term incentive schemes provision | | **50** | 37 |
| Interest bearing liabilities | 9 | **23,196** | 27,197 |
| Derivative financial instruments | | **375** | 498 |
| Deferred tax liabilities | | **2,893** | 2,417 |
| Other non-current liabilities | | **3,597** | 3,248 |
| | | **30,111** | 33,397 |
| **Total liabilities, excluding net assets attributable to Unitholders** | | **37,336** | 37,443 |
| **Non-controlling interest** | | **474** | 256 |
| **Net assets attributable to Unitholders** | | **178,594** | 138,241 |
| Units in issue | | **2,150,058,972** | 2,213,002,276 |
| Net assets per unit attributable to Unitholders | | **HK$83.06** | HK$62.47 |

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

*FOR THE YEAR ENDED 31 MARCH 2018*

| | Net assets attributable to Unitholders *HK$'M* | Total reserves *HK$'M* | Non-controlling interest *HK$'M* |
|---|---|---|---|
| At 1 April 2017 | **138,241** | **580** | **256** |
| Issuance of units under the 2007 LTI Plan | **93** | **–** | **–** |
| Units bought back for cancellation | **(4,349)** | **–** | **–** |
| Profit for the year ended 31 March 2018, before transactions with Unitholders | **47,761** | **–** | **218** |
| Distributions paid to Unitholders | | | |
| – 2017 final distribution | **(2,581)** | **–** | **–** |
| – 2018 interim distribution | **(2,673)** | **–** | **–** |
| Change in fair values of cash flow hedges | **–** | **195** | **–** |
| Amount transferred to the consolidated income statement | **–** | **89** | **–** |
| Exchange gain on translation of financial statements | **–** | **1,818** | **–** |
| Amount arising from exchange reserve and cash flow hedging reserve movements | **2,102** | **(2,102)** | **–** |
| Change in net assets attributable to Unitholders and non-controlling interest for the year ended 31 March 2018, excluding issues of new units and units bought back | **44,609** | **–** | **218** |
| **At 31 March 2018** | **178,594** | **580** | **474** |
| At 1 April 2016 | 127,387 | 580 | 54 |
| Issuance of units under the 2007 LTI Plan | 90 | – | – |
| Units bought back for cancellation | (1,697) | – | – |
| Profit for the year ended 31 March 2017, before transactions with Unitholders | 17,711 | – | 202 |
| Distributions paid to Unitholders | | | |
| – 2016 final distribution | (2,404) | – | – |
| – 2017 interim distribution | (2,494) | – | – |
| Change in fair values of cash flow hedges | – | 195 | – |
| Amount transferred to the consolidated income statement | – | 115 | – |
| Exchange loss on translation of financial statements | – | (662) | – |
| Amount arising from exchange reserve and cash flow hedging reserve movements | (352) | 352 | – |
| Change in net assets attributable to Unitholders and non-controlling interest for the year ended 31 March 2017, excluding issues of new units and units bought back | 12,461 | – | 202 |
| At 31 March 2017 | 138,241 | 580 | 256 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

*FOR THE YEAR ENDED 31 MARCH 2018*

| | **2018** **HK$'M** | 2017 HK$'M |
|---|---|---|
| **Operating activities** | | |
| **Net cash generated from operating activities** | **6,485** | 6,077 |
| **Investing activities** | | |
| Acquisition of business | **(4,496)** | – |
| Acquisition of an investment property | **–** | (5,319) |
| Proceeds from disposals of investment properties | **22,988** | 7,288 |
| Additions to investment properties | **(1,998)** | (1,480) |
| Additions to property, plant and equipment | **(39)** | (39) |
| Interest income received | **7** | 4 |
| Increase in short-term bank deposits with original maturity of more than three months | **(8,375)** | (32) |
| **Net cash generated from investing activities** | **8,087** | 422 |
| **Financing activities** | | |
| Proceeds from interest bearing liabilities, net of transaction costs | **19,585** | 24,400 |
| Repayment of interest bearing liabilities | **(21,345)** | (23,472) |
| Increase in amount due to non-controlling interest | **211** | 115 |
| Interest expenses paid on interest bearing liabilities | **(810)** | (739) |
| Distributions paid to Unitholders | **(5,254)** | (4,898) |
| Units bought back for cancellation | **(4,349)** | (1,697) |
| **Net cash used in financing activities** | **(11,962)** | (6,291) |
| **Net increase in cash and cash equivalents** | **2,610** | 208 |
| Cash and cash equivalents at 1 April | **535** | 336 |
| Effect on exchange rate changes on cash and cash equivalents | **19** | (9) |
| **Cash and cash equivalents at 31 March** | **3,164** | 535 |

## 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 entered into on 6 September 2005 (as amended and supplemented by 11 Supplemental Deeds) (***Trust Deed***) and the relevant disclosure requirements as set out in Appendix C of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong. 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.

### (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, investment properties and non-controlling interest put option obligation, which are stated at fair values.

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

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

For the year ended 31 March 2018, the Group has adopted all the new amendments that are currently in issue and effective.

| | |
|---|---|
| HKAS 7 Amendments | Disclosure Initiative |
| HKAS 12 Amendments | Recognition of Deferred Tax Assets for Unrealised Losses |
| Annual Improvements to HKFRSs 2014 – 2016 Cycle: | |
| HKFRS 12 Amendments | Disclosure of Interests in Other Entities |

The adoption of these new amendments has not had any significant effect on the accounting policies or results reported 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 the consolidated financial statements. These are effective for the Group's accounting periods beginning on or after 1 April 2018.

| | |
|---|---|
| HKAS 19 Amendments | Employee Benefits [2] |
| HKAS 28 Amendments | Long-term Interests in Associates and Joint Ventures [2] |
| HKAS 28 (2011) and HKFRS 10 Amendments | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5] |
| HKAS 40 Amendments | Transfers of Investment Property [1] |
| HKFRS 2 Amendments | Classification and Measurement of Share-based Payment Transactions [1] |
| HKFRS 4 Amendments | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts [1] |
| HKFRS 9 (2014) | Financial Instruments [1] |
| HKFRS 9 Amendments | Prepayment Features with Negative Compensation [2] |
| HKFRS 15 | Revenue from Contracts with Customers [1] |
| HKFRS 16 | Leases [2] |
| HKFRS 17 | Insurance Contracts [3] |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration [1] |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments [2] |
| Annual Improvements to HKFRSs 2014 – 2016 Cycle [4] | |
| Annual Improvements to HKFRSs 2015 – 2017 Cycle [2] | |

(1) effective for accounting periods beginning on or after 1 January 2018
(2) effective for accounting periods beginning on or after 1 January 2019
(3) effective for accounting periods beginning on or after 1 January 2021
(4) effective for accounting periods beginning on or after 1 January 2018 except for HKFRS 12 Amendments which were effective for accounting periods beginning on or after 1 January 2017
(5) no mandatory effective date is determined yet but early application is permitted

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. Preliminary review noted that save for HKFRS 16 which may require further evaluation to address the recognition, classification and measurement of leases, the adoption of all these new or revised HKFRSs are unlikely to have a significant impact on the Group's financial performance and financial position but may result in new or amended disclosures in the consolidated financial statements.

## 2 Revenue

Revenue recognised during the year comprises:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Rentals | | |
| – Retail and commercial properties | **7,554** | 6,914 |
| – Car parks | **2,046** | 1,940 |
| | **9,600** | 8,854 |
| Other revenue | | |
| – Air conditioning service fees | **375** | 370 |
| – Other property related revenue | **48** | 31 |
| | **423** | 401 |
| Total revenue | **10,023** | 9,255 |

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK$152 million (2017: HK$136 million) and have been included in the rental income.

## 3 Segment information

| | Retail properties *HK$'M* | Car parks *HK$'M* | Others *HK$'M* | Total *HK$'M* |
|---|---|---|---|---|
| **For the year ended 31 March 2018** | | | | |
| Revenue | 7,638 | 2,051 | 334 | 10,023 |
| Segment results | 5,807 | 1,572 | (133) | 7,246 |
| Change in fair values of investment properties | 27,204 | 7,552 | 737 | 35,493 |
| Gains on disposals of investment properties | | | | 7,306 |
| Interest income | | | | 19 |
| Finance costs | | | | (665) |
| Profit before taxation and transactions with Unitholders | | | | 49,399 |
| Taxation | | | | (1,420) |
| Profit for the year, before transactions with Unitholders | | | | 47,979 |
| Capital expenditure | 6,116 | 24 | 891 | 7,031 |
| Depreciation | – | – | (20) | (20) |

## 3 Segment information (Continued)

| | Retail properties *HK$'M* | Car parks *HK$'M* | Others *HK$'M* | Total *HK$'M* |
|---|---|---|---|---|
| **As at 31 March 2018** | | | | |
| Segment assets | **152,841** | **34,579** | **16,598** | **204,018** |
| Goodwill | | | | **416** |
| Derivative financial instruments | | | | **281** |
| Short-term bank deposits | | | | **8,525** |
| Cash and cash equivalents | | | | **3,164** |
| Total assets | | | | **216,404** |
| Segment liabilities | **2,559** | **149** | **1,419** | **4,127** |
| Provision for taxation | | | | **420** |
| Long-term incentive schemes provision | | | | **137** |
| Interest bearing liabilities | | | | **25,785** |
| Derivative financial instruments | | | | **377** |
| Deferred tax liabilities | | | | **2,893** |
| Other non-current liabilities | | | | **3,597** |
| Total liabilities, excluding net assets attributable to Unitholders | | | | **37,336** |
| Non-controlling interest | | | | **474** |
| Net assets attributable to Unitholders | | | | **178,594** |

For the year ended 31 March 2018, revenue of HK$884 million (2017: HK$574 million) is attributable to external customers from Mainland China and HK$9,139 million (2017: HK$8,681 million) is attributable to external customers from Hong Kong.

As at 31 March 2018, non-current assets of HK$18,469 million (2017: HK$11,203 million) is located in Mainland China and HK$185,153 million (2017: HK$163,356 million) is located in Hong Kong.

## 3 Segment information (Continued)

| | Retail properties *HK$'M* | Car parks *HK$'M* | Others *HK$'M* | Total *HK$'M* |
|---|---|---|---|---|
| For the year ended 31 March 2017 | | | | |
| Revenue | 6,989 | 1,944 | 322 | 9,255 |
| Segment results | 5,286 | 1,435 | (69) | 6,652 |
| Change in fair values of investment properties | 6,716 | 4,062 | 716 | 11,494 |
| Gains on disposals of investment properties | | | | 1,387 |
| Interest income | | | | 4 |
| Finance costs | | | | (567) |
| Profit before taxation and transactions with Unitholders | | | | 18,970 |
| Taxation | | | | (1,057) |
| Profit for the year, before transactions with Unitholders | | | | 17,913 |
| Capital expenditure | 7,749 | 64 | 589 | 8,402 |
| Depreciation | – | – | (27) | (27) |

## 3 Segment information (Continued)

| | Retail properties *HK$'M* | Car parks *HK$'M* | Others *HK$'M* | Total *HK$'M* |
|---|---|---|---|---|
| As at 31 March 2017 | | | | |
| Segment assets | 129,601 | 30,866 | 14,206 | 174,673 |
| Goodwill | | | | 466 |
| Derivative financial instruments | | | | 116 |
| Short-term bank deposits | | | | 150 |
| Cash and cash equivalents | | | | 535 |
| Total assets | | | | 175,940 |
| Segment liabilities | 2,446 | 179 | 739 | 3,364 |
| Provision for taxation | | | | 305 |
| Long-term incentive schemes provision | | | | 113 |
| Interest bearing liabilities | | | | 27,497 |
| Derivative financial instruments | | | | 499 |
| Deferred tax liabilities | | | | 2,417 |
| Other non-current liabilities | | | | 3,248 |
| Total liabilities, excluding net assets attributable to Unitholders | | | | 37,443 |
| Non-controlling interest | | | | 256 |
| Net assets attributable to Unitholders | | | | 138,241 |

## 4 Profit before taxation and transactions with Unitholders

Profit before taxation and transactions with Unitholders for the year is stated after charging:

| | 2018<br>*HK$'M* | 2017<br>*HK$'M* |
|---|---|---|
| Staff costs | **787** | 615 |
| Depreciation of property, plant and equipment | **20** | 27 |
| Trustee's fee | **18** | 15 |
| Valuation fee | **6** | 4 |
| Auditor's remuneration | | |
| Audit and audit-related assurance services | **8** | 7 |
| Acquisition related professional fees | **1** | – |
| Others | **2** | 2 |
| Total auditor's remuneration | **11** | 9 |
| Bank charges | **6** | 5 |
| Commission to property agents | **362** | 71 |
| Donations | **8** | 10 |
| Exchange loss/(gain) | **56** | (23) |
| Operating lease charges | **35** | 34 |
| Other legal and professional fees | **11** | 16 |

## 5 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Corporate income tax in Mainland China has been provided for at the applicable rate on the estimated assessable profit for the year.

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

| | 2018<br>*HK$'M* | 2017<br>*HK$'M* |
|---|---|---|
| Current taxation | | |
| – Hong Kong | **890** | 763 |
| – Mainland China | **122** | 76 |
| Deferred taxation | **408** | 218 |
| Taxation | **1,420** | 1,057 |

## 5 Taxation (Continued)

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Profit before taxation | **49,399** | 18,970 |
| Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2017: 16.5%) | **8,151** | 3,130 |
| Tax effect of different taxation rates | **278** | (11) |
| Tax effect of non-deductible expenses | **80** | 12 |
| Tax effect of non-taxable income | **(7,000)** | (2,009) |
| Tax effect of other temporary differences | **(67)** | (51) |
| Utilisation of previously unrecognised tax loss | **(28)** | (25) |
| Withholding tax on unremitted earnings of subsidiaries | **6** | 11 |
| Taxation | **1,420** | 1,057 |

## 6 Earnings per unit based upon profit for the year, before transactions with Unitholders attributable to Unitholders

| | **2018** | 2017 |
|---|---|---|
| Profit for the year, before transactions with Unitholders attributable to Unitholders | **HK$47,761 million** | HK$17,711 million |
| Weighted average number of units for the year for calculating basic earnings per unit | **2,199,559,088** | 2,232,374,190 |
| Adjustment for dilutive contingently issuable units under long-term incentive schemes | **2,026,574** | 1,915,318 |
| Weighted average number of units for the year for calculating diluted earnings per unit | **2,201,585,662** | 2,234,289,508 |
| Basic earnings per unit based upon profit for the year, before transactions with Unitholders attributable to Unitholders | **HK$21.71** | HK$7.93 |
| Diluted earnings per unit based upon profit for the year, before transactions with Unitholders attributable to Unitholders | **HK$21.69** | HK$7.93 |

## 7 Trade and other receivables

| | 2018 HK$'M | 2017 HK$'M |
|---|---|---|
| Trade receivables | **112** | 82 |
| Less: provision for impairment of trade receivables | **(6)** | (4) |
| Trade receivables – net | **106** | 78 |
| Other receivables | **609** | 425 |
| | **715** | 503 |

The carrying amounts of these receivables approximate their fair values.

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

The ageing of trade receivables, presented based on the due date, is as follows:

| | 2018 HK$'M | 2017 HK$'M |
|---|---|---|
| 0 – 30 days | **100** | 73 |
| 31 – 90 days | **6** | 5 |
| Over 90 days | **6** | 4 |
| | **112** | 82 |

Monthly rentals in respect of retail and commercial 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$106 million (2017: HK$78 million) presented above were HK$55 million (2017: HK$40 million) of accrued car park income and HK$31 million (2017: HK$18 million) of accrued turnover rent, which were not yet due as at 31 March 2018. The remaining HK$20 million (2017: HK$20 million) were past due but not considered impaired.

## 7 Trade and other receivables (Continued)

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| 0 – 30 days | **14** | 15 |
| 31 – 90 days | **6** | 5 |
| | **20** | 20 |

As at 31 March 2018, trade receivables of HK$6 million (2017: HK$4 million) were considered as impaired and had been provided for. The individually impaired receivables are those where collectability is in doubt.

The ageing of the impaired trade receivables is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Over 90 days | **6** | 4 |

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| At 1 April | **4** | 5 |
| Provision for impairment of trade receivables | **4** | 4 |
| Receivables written off during the year as uncollectible | **(2)** | (5) |
| **At 31 March** | **6** | 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 receivables.

## 8 Trade payables, receipts in advance and accruals

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Trade payables | **157** | 175 |
| Receipts in advance | **245** | 243 |
| Accruals | **2,060** | 1,452 |
| | **2,462** | 1,870 |

The carrying amounts of these payables approximate their fair values.

The ageing of trade payables, presented based on the due date, is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| 0 – 30 days | **152** | 170 |
| 31 – 90 days | **4** | 5 |
| Over 90 days | **1** | – |
| | **157** | 175 |

## 9 Interest bearing liabilities

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Bank borrowings | **9,932** | 11,361 |
| Medium term notes | **15,853** | 16,136 |
| | **25,785** | 27,497 |
| Less: current portion of interest bearing liabilities | **(2,589)** | (300) |
| Non-current portion of interest bearing liabilities | **23,196** | 27,197 |

## 9 Interest bearing liabilities (Continued)

Interest bearing liabilities are repayable as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| **Due in the first year** | | |
| Bank borrowings | **1,498** | – |
| Medium term notes | **1,091** | 300 |
| | **2,589** | 300 |
| **Due in the second year** | | |
| Bank borrowings | **2,719** | 1,492 |
| Medium term notes | **1,316** | 1,095 |
| | **4,035** | 2,587 |
| **Due in the third year** | | |
| Bank borrowings | **2,484** | 3,481 |
| Medium term notes | **349** | 1,336 |
| | **2,833** | 4,817 |
| **Due in the fourth year** | | |
| Bank borrowings | **2,521** | 2,476 |
| Medium term notes | **1,436** | 349 |
| | **3,957** | 2,825 |
| **Due in the fifth year** | | |
| Bank borrowings | **295** | 3,497 |
| Medium term notes | **1,225** | 1,434 |
| | **1,520** | 4,931 |
| **Due beyond the fifth year** | | |
| Bank borrowings | **415** | 415 |
| Medium term notes | **10,436** | 11,622 |
| | **10,851** | 12,037 |
| | **25,785** | 27,497 |

## 9 Interest bearing liabilities (Continued)

*Notes:*

(i) Except for medium term notes of HK$7,350 million (2017: HK$7,306 million) which are denominated in United States Dollars, all the other interest bearing liabilities are denominated in Hong Kong Dollars.

(ii) All of Link's foreign currencies borrowings are fully hedged into Hong Kong Dollars.

(iii) The effective interest rate of the interest bearing liabilities (taking into account cross currency swap contracts and interest rate swap contracts) at the reporting date was 2.89% (2017: 2.65%). The carrying amounts of the interest bearing liabilities approximate their fair values.

## REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE AND AUDITOR

The final results and the consolidated financial statements of the Group for the year ended 31 March 2018 had been reviewed by the Audit and Risk Management Committee in conjunction with Link'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 2018 of Link. 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.

## CORPORATE GOVERNANCE

Throughout the year ended 31 March 2018, Link and the Manager complied with the Code on Real Estate Investment Trusts (the ***REIT Code***), the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ***Listing Rules***), Link's trust deed (as amended by supplemental deeds) (the ***Trust Deed***), and the Manager's compliance manual (the ***Compliance Manual***). Link and the Manager also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules throughout the year. The corporate governance report for the year ended 31 March 2018 of Link is set out in the Annual Report 2017/2018.

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

During the year under review, the Manager (on behalf of Link) bought back a total of 64,504,500 units on The Stock Exchange of Hong Kong Limited at an aggregate consideration (excluding expenses) of approximately HK$4,349 million. Further details are set out as follows:

| Month | Number of units bought back | Purchase price per unit Highest | Purchase price per unit Lowest | Approximate aggregate consideration (excluding expenses) |
|---|---|---|---|---|
| | | *HK$* | *HK$* | *HK$'M* |
| **2017** | | | | |
| July | 153,500 | 62.00 | 61.55 | 9.5 |
| August | 13,194,000 | 64.00 | 62.40 | 833.7 |
| September | 1,339,500 | 64.00 | 63.05 | 84.7 |
| November | 1,950,000 | 69.65 | 68.95 | 135.4 |
| December | 9,177,000 | 70.00 | 68.65 | 636.7 |
| **2018** | | | | |
| January | 13,106,000 | 70.50 | 68.90 | 921.6 |
| February | 6,000,500 | 69.00 | 64.45 | 398.7 |
| March | 19,584,000 | 69.00 | 66.15 | 1,329.2 |

All the units bought back were cancelled prior to the financial year end. Save as disclosed above, neither the Manager nor any of Link's subsidiaries bought back, sold or redeemed any of Link's listed units during the year under review.

## ISSUE OF NEW UNITS

During the year under review, 1,561,196 new units of Link were issued pursuant to the long-term incentive plan adopted by Link on 23 July 2007. Based on 2,150,058,972 units in issue as at 31 March 2018, the number of new units issued in the year represented approximately 0.07% of the issued units of Link.

## PUBLIC FLOAT

Based on the information publicly available to the Manager, Link 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 of HK128.28 cents per unit for the year ended 31 March 2018 will be paid in cash on Thursday, 5 July 2018 to those Unitholders whose names appear on the register of Unitholders of Link on Tuesday, 26 June 2018. For the purpose of ascertaining Unitholders' entitlement to the final cash distribution, the register of Unitholders of Link will be closed from Friday, 22 June 2018 to Tuesday, 26 June 2018, 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 Link'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 Thursday, 21 June 2018.

### For Annual General Meeting of Unitholders

For the purpose of ascertaining Unitholders' right to attend the forthcoming annual general meeting of Unitholders of Link to be held on Wednesday, 25 July 2018, the register of Unitholders of Link will also be closed from Friday, 20 July 2018 to Wednesday, 25 July 2018, 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 Thursday, 19 July 2018.

## DESPATCH OF ANNUAL REPORT 2017/2018

The Annual Report 2017/2018 of Link will be despatched to Unitholders on or around Friday, 22 June 2018.

## ANNUAL GENERAL MEETING OF UNITHOLDERS

The forthcoming annual general meeting of Unitholders of Link will be held on Wednesday, 25 July 2018. Notice convening the meeting will be issued to Unitholders in accordance with the REIT Code, the Listing Rules, the Trust Deed and other applicable requirements.

## APPRECIATION

During the year under review and up to the date of this announcement, Mr William CHAN Chak Cheung (***Mr CHAN***) retired from the Board effective from 9 November 2017 while Mr Christopher John BROOKE (***Mr BROOKE***) joined the Board as new Independent Non-Executive Director effective from 1 May 2018. The Board would like to thank Mr CHAN for his services and valuable contributions in the past years and welcome Mr BROOKE joining Link.

Taking this opportunity, the Board would like to thank all staff for their professionalism, commitment and dedicated services which enable Link to secure the support and loyalty of our tenants and communities we serve. The Board also wants to extend its appreciation to our customers, suppliers and Unitholders for their continuous support and confidence in Link.

## APPOINTMENT OF BOARD COMMITTEE MEMBER

The Board announces that Mr BROOKE joined the Finance and Investment Committee as a member effective from 6 June 2018.

The Manager confirms that the composition of the Board and all the four Board Committees continue to comply with the requirements of the corporate governance policy set out in the Compliance Manual.

Following the above-mentioned appointment, the composition of the Board and the four existing Board Committees of the Manager effective from 6 June 2018 is set out below:

| **Name of Directors** | **Board** | **ARMC** | **NC** | **RC** | **FIC** |
|---|---|---|---|---|---|
| ***Independent Non-Executive Directors*** | | | | | |
| Nicholas Charles ALLEN | C | | C | | C |
| Christopher John BROOKE | M | | | | M |
| Ed CHAN Yiu Cheong | M | | | | M |
| Blair Chilton PICKERELL | M | | M | M | |
| Poh Lee TAN | M | M | | | |
| May Siew Boi TAN | M | M | M | M | |
| Peter TSE Pak Wing | M | C | | | |
| Nancy TSE Sau Ling | M | M | | | |
| David Charles WATT | M | | | C | M |
| Elaine Carole YOUNG | M | | | M | M |
| ***Non-Executive Director*** | | | | | |
| Ian Keith GRIFFITHS | M | | | | M |
| ***Executive Directors*** | | | | | |
| George Kwok Lung HONGCHOY *(CEO)* | M | | M | | M |
| Andy CHEUNG Lee Ming *(COO)* | M | | | | |
| ***Senior Management*** | | | | | |
| NG Kok Siong *(CFO)* | | | | | M |

*Notes:*
*ARMC : Audit and Risk Management Committee / NC : Nomination Committee / RC : Remuneration Committee / FIC : Finance and Investment Committee / C : Chairman / M : Member / CEO : Chief Executive Officer / COO : Chief Operating Officer / CFO : Chief Financial Officer*

By order of the Board
**Link Asset Management Limited**
**(as manager of Link Real Estate Investment Trust)**
**Ricky CHAN Ming Tak**
*Company Secretary*

Hong Kong, 6 June 2018

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

*Chairman (also an Independent Non-Executive Director)*
Nicholas Charles ALLEN

*Executive Directors*
George Kwok Lung HONGCHOY *(Chief Executive Officer)*
Andy CHEUNG Lee Ming *(Chief Operating Officer)*

*Non-Executive Director*
Ian Keith GRIFFITHS

*Independent Non-Executive Directors*
Christopher John BROOKE
Ed CHAN Yiu Cheong
Blair Chilton PICKERELL
Poh Lee TAN
May Siew Boi TAN
Peter TSE Pak Wing
Nancy TSE Sau Ling
David Charles WATT
Elaine Carole YOUNG