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 2020

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 2020.

The final results and the consolidated financial statements of the Group for the year ended 31 March 2020, after review by the audit and risk management committee of the Manager (the ***Audit and Risk Management Committee***), were approved by the Board on 1 June 2020.

OVERALL FINANCIAL RESULTS

Revenue and net property income increased by 6.8% and 6.9% year-on-year to HK$10,718 million (2019: HK$10,037 million) and HK$8,220 million (2019: HK$7,689 million), respectively. On a like-for-like basis(1), revenue and net property income increased by 5.6% and 6.3% year-on-year, respectively.

Valuation of the investment properties portfolio declined by 11.6% to HK$193,224 million (31 March 2019: HK$218,496 million). As a result, loss for the year, before transactions with Unitholders was HK$17,303 million (2019: profit of HK$20,442 million). Net asset value per unit fell by 13.3% to HK$77.61 (31 March 2019: HK$89.48).

Note:

(1) Excluding any properties acquired, divested and/or newly operational (as applicable) during the periods under analysis.

Total distributable amount, after adjustments and a discretionary distribution of HK$291 million (2019: HK$53 million), amounted to HK$5,965 million (2019: HK$5,723 million). Distribution per unit (***DPU***) for the year increased by 5.9% to HK287.19 cents (2019: HK271.17 cents), comprising an interim DPU of HK141.47 cents (2019: HK130.62 cents) and a final DPU of HK145.72 cents (2019: HK140.55 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Portfolio Growth

A Challenging Year

2019/2020 was a challenging year with several unprecedented events including the social incidents in Hong Kong, the global COVID-19 outbreak and the US-China trade war. These events have exerted extreme pressures on Hong Kong and Mainland China.

As our Hong Kong portfolio is non-discretionary focused, the portfolio has shown resilience and growth in early 2019/2020. However, the COVID-19 outbreak starting from the first quarter of 2020 has some negative impact to our business.

While the global economy was contracting since early 2020, Link remained agile and helped stakeholders during this challenging time. We established tenant support schemes in Hong Kong and Mainland China to help our tenants weather the challenges. Our focus remains on the community and stimulating consumer spending and retail sales, taking into consideration the health and safety of our tenants and shoppers.

Management

As an integral part of the community, we sought to maintain stability in our business during these uncertain times. We have nurtured our team of professional asset managers to support the management of our retail, car park and office facilities across Hong Kong and Mainland China. While the prevailing weakness in economy is hindering the retail sector, the team is committed to maintaining a close dialogue with our stakeholders and working together to ensure a swift recovery.

Hong Kong Portfolio

Revenue Analysis

Retail

Link has delivered reasonable retail rental growth despite the uncertainties in this challenging business environment. During the year, total retail revenue increased by 7.0% on a like-for-like basis.

Since mid-2019 with the onset of social incidents, we have remained vigilant and strived to maintain normal operations of our shopping centres as much as possible. With the collective effort of our management team, disruption to our tenants has been relatively mild.

However, towards the end of January 2020, the COVID-19 outbreak severely dampened consumer sentiment and affected nearly every single trade category. Food & beverage (***F&B***) tenants, especially Chinese restaurants, suffered due to social distancing measures and many education centres suspended classes during this period. In April 2020, certain entertainment/service tenants such as gymnasiums and massage/beauty centres were also asked to close temporarily by Government.

Occupancy rate for the portfolio remained stable at 96.5% as at 31 March 2020. Lease negotiations were susceptible to weak sentiment and as a result, the reversion rate (excluding short-term leases for less than one year) for the overall portfolio slowed to 12.6% during the year. Average monthly unit rent improved mildly by 3.4% year-on-year to HK$70.3 per square foot (***psf***) as at 31 March 2020.

Revenue Breakdown

	Year ended 31 March 2020 *HK$'M*	Year ended 31 March 2019 *HK$'M*	Year-on-year change %	Like-for-like basis year-on-year change %
Retail rentals:				
Shops [1]	**5,592**	5,420	3.2	7.6
Markets/Cooked Food Stalls	**916**	925	(1.0)	2.8
Education/Welfare and Ancillary	**139**	137	1.5	6.9
Mall Merchandising	**168**	178	(5.6)	(1.8)
Expenses recovery and other miscellaneous revenue	**407**	369	10.3	11.8
Total retail revenue	**7,222**	7,029	2.7	7.0

Note:

[1] Rental from shops included base rent of HK$5,525 million (2019: HK$5,322 million) and turnover rent of HK$67 million (2019: HK$98 million).

Operational Statistics

	Occupancy rate		Reversion rate		% of total area[1]
	As at 31 March 2020	As at 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**As at 31 March 2020**
	%	%	**%**	%	**%**
Shops	**96.4**	97.4	**12.1**	21.0	**84.2**
Markets/Cooked food stalls	**95.0**	92.2	**18.1**	28.7	**9.0**
Education/Welfare and Ancillary	**99.4**	99.5	**12.2**	9.6	**6.8**
Total	**96.5**	97.1	**12.6**	22.5	**100.0**

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

Portfolio Breakdown

	No. of properties	Retail properties valuation	Retail rentals	Average monthly unit rent [1]		Occupancy rate	
		As at 31 March 2020	**Year ended 31 March 2020**	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
Properties		***HK$'M***	***HK$'M***	***HK$ psf***	*HK$ psf*	**%**	%
Destination	6	**27,599**	**1,381**	**91.1**	86.7	**93.3**	95.4
Community	35	**69,948**	**3,815**	**77.5**	75.2	**96.9**	97.7
Neighbourhood	57	**29,968**	**1,619**	**50.1**	48.4	**97.4**	97.0
Total	98	**127,515**	**6,815**	**70.3**	68.0	**96.5**	97.1

Note:
(1) Average monthly unit rent represents the average base rent plus management fee per month psf of leased area.

We maintained our non-discretionary nature with over 64% of monthly rent from food-related tenants. Nevertheless, our portfolio was not entirely immune to the softening market and our tenant performance slowed during the year, particularly after the COVID-19 outbreak. Overall tenants' retail gross sales psf dropped by 1.7%.

Looking into different trade categories, "Supermarket and foodstuff" tenants have done exceptionally well and grew by 8.3% in gross sales psf. "F&B" tenants' gross sales psf recorded negative growth of 3.4%. Gross sales psf of "General retail" tenants has shrunk by 6.8%. We expect "Supermarket and foodstuff" tenants continue to show resilience while other tenants will continue to suffer as long as social distancing measures are in place.

During the year, rent-to-sales ratio of our Hong Kong portfolio was steady at 14.7% while those of "F&B", "Supermarket and foodstuff" and "General retail" tenants were 15.7%, 11.9% and 16.8%, respectively.

While Hong Kong economy and consumption is likely to remain under pressure for the rest of 2020, Link has been working hand-in-hand with tenants to ride through this challenge. We have been agile in refining the lease structures to allow short-term lease extensions in certain expiring leases. We launched a HK$80 million scheme in February 2020 to support selected small and medium-sized tenants (***SMEs***), in particular F&B operators and education centres, in the form of granting rent-free periods, reducing rents and allowing payment by instalments, etc. This support scheme was increased to HK$300 million in April 2020 to broaden our assistance to those sectors that have been hardest hit since the second half of 2019. To date, equivalent to around 1/3 of our Hong Kong portfolio have been offered rental concessions, of which most of them were SMEs and many cases were education centres.

Other concessionary support, including parking discount to school bus operators, antiseptic kit redemption and free fruits were offered to promote spending and supporting the community. We believe the HK$300 million support scheme should be sufficient, barring any further drastic deterioration of the economy. We are actively working with our tenants and the community to overcome these difficult times. We may consider further concessions subject to discussions with tenants.

Trade Mix
(As at 31 March 2020)

Trade	By monthly rent %	By leased area %
Food and Beverage	28.9	29.6
Supermarket and Foodstuff	20.6	17.1
Markets/Cooked Food Stalls	14.6	8.8
Services	11.1	10.7
Personal Care/Medicine	5.7	3.8
Education/Welfare and Ancillary	0.9	7.0
Valuable Goods (Jewellery, watches and clocks)	0.9	0.5
Others [1]	17.3	22.5
Total	**100.0**	**100.0**

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

Portfolio Lease Expiry Profile
(As at 31 March 2020)

	% of total area %	% of monthly rent %
2020/2021	23.1	25.5
2021/2022	28.8	26.9
2022/2023 and Beyond	41.3	44.0
Short-term Lease and Vacancy	6.8	3.6
Total	**100.0**	**100.0**

Car Parks

Our portfolio of about 57,000 car park spaces in Hong Kong has been generating steady income given limited supply and effective car park management. Car park rental revenue recorded only a small increase of 4.2% on a like-for-like basis, due to the decline in parking demand. Hourly parking on the part of out-of-district shoppers fell as a result of social incidents and COVID-19 related social distancing practices. Monthly parking was also impacted by rampant illegal parking.

However, we remain positive for the medium-term outlook as car park income per space per month was HK$2,827 for the year, still relatively low comparing to the market in general. In view of increasing operating pressure for school bus operators, a six-month parking discount has been offered to mitigate the impact of school suspensions on these operators. We will continue to review our tariff adjustment plan according to market conditions.

Revenue Breakdown

	Year ended 31 March 2020 *HK$'M*	Year ended 31 March 2019 *HK$'M*	Year-on-year change %	Like-for-like basis year-on-year change %
Car parks rentals:				
Monthly	**1,494**	1,496	(0.1)	8.0
Hourly	**418**	483	(13.5)	(8.2)
Expenses recovery and other miscellaneous revenue	**5**	3	66.7	150.0
Total car park revenue	**1,917**	1,982	(3.3)	4.2

Key Car Park Performance Indicators

	Year ended 31 March 2020	Year ended 31 March 2019
Car park income per space per month (HK$)	**2,827**	2,719

	As at 31 March 2020	As at 31 March 2019
Total valuation (HK$'M)	**31,732**	35,059
Average valuation per space (HK$'000)	**561**	625

Office

Jointly-developed by Link and Nan Fung Group in 2019, The Quayside is positioned as a modern hub of commercial activities and lifestyle. As of the date of the announcement, we have managed to commit around 80% of the office floor space. Three additional tenants, including Manulife, a local finance firm, and Adidas, which have collectively committed to take up over two additional floors in total, are joining other blue-chip tenants such as JP Morgan and Gammon. Around 72% of the three-storey retail podium is committed by various tenants mainly F&B outlets to satisfy nearby demand.

Expense Analysis

On a like-for-like basis, total property expenses increased moderately by 3.6% and net property income margin of Hong Kong portfolio stayed steady at 77.2% (2019: 76.6%).

Property managers' fees, security and cleaning expenses grew 7.9% year-on-year on a like-for-like basis as the statutory minimum wage was revised up by 8.7% since May 2019. Staff costs have declined mainly due to a decrease in long-term incentive schemes awards as a result of the drop in unit price. Increments in government rent and rates were partly due to the increase in the rateable value of our properties. The increase in other property operating expenses were mainly due to bad debt provision since the COVID-19 outbreak and the increase in depreciation of the new self-use office.

Property Operating Expenses Breakdown

	Year ended 31 March 2020 ***HK$'M***	Year ended 31 March 2019 *HK$'M*	Year-on-year change *%*	Like-for-like basis year-on-year change *%*
Property managers' fees, security and cleaning	**578**	542	6.6	7.9
Staff costs	**380**	484	(21.5)	(17.0)
Repair and maintenance	**207**	203	2.0	8.9
Utilities	**263**	249	5.6	4.6
Government rent and rates	**313**	274	14.2	13.5
Promotion and marketing expenses	**113**	131	(13.7)	(17.7)
Estate common area costs	**85**	87	(2.3)	7.6
Other property operating expenses	**229**	159	44.0	42.9
Total property operating expenses	**2,168**	2,129	1.8	3.6

Mainland China Portfolio

Our Mainland China portfolio comprises five properties across the four tier-one cities. During the year, with the two newly acquired properties in 2019, the portfolio contributed a total revenue of HK$1,448 million and net property income of HK$1,118 million, representing a 41.1% and 38.5% year-on-year increase, respectively.

With over 43% of the area taken up by F&B and Supermarket and foodstuff tenants, the four retail properties have capitalised on the everyday spending of residents and office workers nearby. The average occupancy remained at a healthy level of 97.8% as at 31 March 2020. Retail reversion performed well at 29.6% for 2019/2020. The portfolio delivered stable performance up until February 2020, when the COVID-19 outbreak forced many of our tenants to close or scale back their businesses due to social distancing measures imposed by the Central Government. We saw a slump in footfall in the following months due to the national lockdown. February and March 2020 were quiet months for the shopping centres, and we offered relief measures to affected tenants and aimed to help maintain their competitiveness. It has been encouraging to see tenant businesses returning since mid-March 2020. Even though some entertainment businesses, such as cinemas and gymnasiums are still under certain operational restrictions, we have seen footfall gradually picking up since April 2020 with about 60% of previous year's footfall by May 2020.

Acquired in 2019, CentralWalk in Shenzhen Futian and Beijing Jingtong Roosevelt Plaza in Beijing Tongzhou performed satisfactorily and delivered rental reversions of over 40% during the year. We have received positive feedback on the trade mix and property management improvements so far, and our continuous investments will benefit the assets' attractiveness and overall value.

Our office property in Shanghai Jingan District, Link Square, was comparatively less affected during the year. Office occupancy stood at a steady level of 97.4% as at 31 March 2020 and the office reversion rate was 7.1%. Although office leasing momentum has slowed in view of the COVID-19 outbreak and increasing supply in Shanghai, we believe Link Square will remain competitive in the Shanghai office market given its high quality and prime location.

Portfolio Lease Expiry Profile
(As at 31 March 2020)

	Retail		Office	
	% of total area %	% of monthly rent %	% of total area %	% of monthly rent %
2020/2021	17.8	24.4	20.8	21.7
2021/2022	26.6	23.9	33.4	33.6
2022/2023 and Beyond	53.4	51.7	43.2	44.7
Vacancy	2.2	–	2.6	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

Enhancement

During the year, we have completed seven asset enhancement projects with a total capex of HK$789 million, of which four included fresh market upgrades. With 85 asset enhancement projects completed since initial public offering, Link has brought wider shopping choices for shoppers and better operating environment for tenants that optimise the growth potential of our organic portfolio. We will be extending our asset enhancement strategy to Mainland China and we will upgrade CentralWalk in Shenzhen. Being our first enhancement project in Mainland China, we hope to enhance its market positioning and re-affirm its appeal as a “must-go” shopping and entertainment destination in Futian, Shenzhen.

The first asset enhancement of Tsz Wan Shan Shopping Centre in the early years of Link had proven to be a success and the asset now ranks third in our portfolio in terms of valuation. In 2017/2018, we started its second asset enhancement by converting the supermarket and Chinese restaurant into new retail shops and reducing duplication of trades. This year, we completed another phase of enhancement which further increased its attractiveness as a sizable community centre with a kid-friendly outdoor playground on top of new dining and entertainment elements.

Enhancement of Sheung Tak Plaza in Tseung Kwan O has turned this 22-year-old property into a revitalised attraction of the district. With a revamped identity “TKO Spot”, the shopping centre is repositioned for healthy living and wellness to target young individuals living in the area. The French sports goods retailer Decathlon was introduced after consolidating the retail shops on 3/F, turning 30,467 square feet into the largest sports goods outlet in Hong Kong with an outdoor trial zone. We have also revamped the fresh market into “Spot Mart” which provides fresh produce and quick meals from over 50 stores. With a newly refurbished façade and upgraded atrium, TKO Spot has become a strategic community centre that is complementary to TKO Gateway, our destination centre only one subway station away.

Due largely to the higher base and dampened leasing environment as affected by social incidents since mid-2019, the return on investment (***ROI***) of some of the projects completed in the year were lower than expected. We expect the scale of future enhancement projects going forward will be smaller, but we still aim to achieve double-digit ROI as we continue to unleash the potential of the portfolio. With the prolonged disruptions to retail activities caused by social incidents and COVID-19, we will be more selective in planning our asset enhancement pipeline.

Currently, over 20 enhancement projects are underway or under planning in Hong Kong and Mainland China, and the pipeline is extended to 2025/2026. For asset enhancement of CentralWalk in Shenzhen, we have started negotiating with existing tenants on shop relocation or re-layout to unlock space to upgrade our retail and service offerings. The enhancement work is expected to commence in the third quarter of 2020. We will remain flexible in planning and phasing the enhancement projects to maximise economic efficiency and improve asset performance while keeping rental income stream as steady as possible.

Return on Investment of Asset Enhancement Projects Completed in the Year Ended 31 March 2020

	Total project capex *HK$'M*	**Estimated return on investment** [1] **%**
Nam Cheong Place [2]	174	14.0%
Choi Ming Shopping Centre	104	18.3%
Tsz Wan Shan Shopping Centre	157	10.2%
TKO Spot [2]	183	12.0%
Fung Tak Shopping Centre [2]	60	15.8%
Hin Keng Market [2]	76	15.6%
Yiu On Shopping Centre	35	6.1%
Total	**789**	

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) Enhancement includes fresh market.

Asset Enhancement Pipeline

	Number of projects	Estimated costs *HK$'M*
Underway	4	411
Under planning	>19	>1,300
Total	**>23**	**>1,711**

Approved Asset Enhancement Projects Underway

	Estimated costs *HK$'M*	Target completion date
Lok Fu Place	172	Late 2020
Kai Tin Shopping Centre	153	Late 2020
Choi Yuen Plaza	29	Early 2021
Tai Wo Plaza	57	Early 2021
Total	**411**	

Acquisition and Divestment

In December 2019, we announced our first acquisition beyond Greater China – 100 Market Street in Sydney, Australia at a consideration of A$683 million. Fully occupied by three highly-rated tenants, this 10-storey grade-A office property is expected to drive stable and sustainable growth with a long weighted average lease expiry of over 8 years and ~4% rental escalation per year. The acquisition was completed subsequent to the end of this financial year on 7 April 2020.

While Hong Kong will remain as Link's core market, we will continue to balance between income stability and growth by exploring acquisition opportunities. We prefer properties in Hong Kong and tier-1 cities in Mainland China and their surrounding river delta areas. We will also explore gateway cities in other developed markets, namely Australia, Singapore, Japan and the United Kingdom, due to their relative market stability and liquidity, and favourable regulatory environment. We expect Hong Kong assets to account for 70% to 75% of our total portfolio value. Assets in Mainland China and overseas will take up no more than 20% and 10% of our portfolio, respectively. In terms of asset class, retail will continue to be our focus and office is expected to account for 15% to 20% of our expanded portfolio. We will continue to be disciplined in selecting the right properties that provide long-term growth potential to support our inorganic growth and contribute to a quality growth trajectory.

It is always our intention to hold our assets as long-term investments. Currently, Link has no plan for divestment, but we will continue to review the productivity of our assets. Proper portfolio management will drive us towards long-term value creation as part of our Vision 2025.

Development

We have developed a grade-A commercial complex via a joint venture with Nan Fung Group, namely The Quayside. It was successfully completed and the occupation permit was obtained in May 2019. We now have up to 10% of the Gross Asset Value for conducting property development and related activities pursuant to the Code on Real Estate Investment Trusts (the ***REIT Code***) and Link's trust deed (the ***Trust Deed***). As property development allows us to build assets to our own specifications and take part in the early stages of development phase with lower entry cost, we will continue to look for suitable development opportunities that can bring long-term attractive yield in terms of both income growth and capital appreciation.

Valuation Review

Colliers International (Hong Kong) Limited, the newly appointed principal valuer of Link pursuant to the requirements of the REIT Code, valued our property portfolio using Income Capitalisation approach and cross-referencing market comparables via the Direct Comparison approach. As at 31 March 2020, the total value of our investment properties decreased by 11.6% to HK$193,224 million (31 March 2019: HK$218,496 million).

The value of our Hong Kong retail properties and car parks decreased by 11.5% and 9.5% year-on-year to HK$127,515 million and HK$31,732 million, respectively, due to decrease in valuer's rental projection and capitalisation rate expansion given the dampened economy and property market. Weighted average retail and car park capitalisation rate has expanded from 4.01% as at 31 March 2019 to 4.27% as at 31 March 2020. The Hong Kong office property was valued at HK$9,914 million as at 31 March 2020.

Our properties in Mainland China were valued at HK$25,317 million (31 March 2019: HK$28,793 million). The decrease in valuation of HK$3,476 million is attributable to the decrease in valuer's estimated market rent and the exchange loss on translation of HK$1,791 million as a result of the depreciation of Renminbi.

Valuation

	Valuation		Capitalisation Rate	
	As at 31 March 2020 *HK$'M*	As at 31 March 2019 *HK$'M*	**As at 31 March 2020**	As at 31 March 2019
Hong Kong				
Retail properties	**127,515**	144,096	**3.10% – 4.50%**	3.00% – 4.20%
Car parks	**31,732**	35,059	**3.10% – 5.30%**	3.50% – 4.80%
Office property	**9,914**[(2)]	–	**3.00%**	N.A.
Property under development	**–**	10,548[(1)]	**N.A.**	N.A.
	169,161	189,703		
Mainland China				
Retail properties	**19,146**	21,264	**4.25% – 4.75%**	4.25% – 4.75%
Office property	**6,171**	7,529	**4.25%**	4.25%
	25,317	28,793		
Total valuation	**194,478**	218,496		
Total valuation of investment properties	**193,224**[(3)]	218,496		

Notes:

(1) The commercial property under development – The Quayside – was completed in May 2019.

(2) The amount represents the office portion only of The Quayside.

(3) The amount has excluded two floors of The Quayside which Link has occupied for self-used office and was classified as property, plant and equipment.

Capital Management

During the financial year ended 31 March 2020, the global economy was initially dampened by US-China trade tensions and was then sharply hit by the spread of COVID-19. Global central banks delivered historic easing packages, including significant quantitative easing by the US Federal Reserve. The US Federal Reserve reduced interest rate five times for a total of 2.25%. The lower bound of the Federal Funds Target Rates returned to zero for the first time since 2015. The 10-year US Treasury bond yield also fell to a record low level at 0.5% in March 2020.

HK$ market interest rate was more volatile than US$ market interest rate during the year under review due to the prolonged social incidents in 2019 and the COVID-19 outbreak in 2020. 1-month HIBOR peaked at 3.0% in April 2019, fell to 1.1% in early March 2020 but rebound to 2.1% at the end of March 2020.

Amidst the volatile global financial markets and economic uncertainties, Link remained vigilant to shore up our liquidity level to ensure financial robustness to both protect any downside and capture any acquisition opportunities.

New Financing Transactions

- In April 2019, Link issued HK$4 billion guaranteed green convertible bonds due 2024 at 1.6% per annum. It is the first-ever green convertible bond launched globally in the real estate sector and for Hong Kong issuers.

- In July and August 2019, Link issued HK$716 million 5-year notes at 2.28% per annum and HK$1 billion 7-year notes at 2.50% per annum.

- In September 2019, Link closed a HK$12 billion 4-year club loan facility at an all-in interest cost of 0.8% over HIBOR per annum. The facility received overwhelming responses from 18 banks despite the social incidents in Hong Kong during the period. It demonstrated the banking market placed great confidence in Link's business resilience to economic cycles.

- In March 2020, Link raised its maiden sustainability-linked loan of A$212 million with 5-year maturity from DBS Bank.

- On 2 April 2020, immediately after the financial year, Link has priced HK$1.01 billion 5-year notes at 2.35% per annum.

- On 7 April 2020, Link's first acquisition in Australia, 100 Market Street in Sydney, was completed. Link raised A$414 million from a 5-year term loan from ANZ Bank domestically to fund the acquisition.

- In May 2020, Link signed another 5-year sustainability-linked loan of HK$1 billion with OCBC Bank.

All sustainability-linked loans were structured to incorporate a reduced pricing structure with interest cost savings if Link achieves sustainability milestones based on our performance in the Global Real Estate Sustainability Benchmark (***GRESB***). The loans ensure the integration of sustainability best practices into Link's daily operations.

Debt Profile and Available Funding

As at 31 March 2020, Link's total debt increased to HK$34.6 billion (31 March 2019: HK$24.5 billion). Our gearing ratio increased to 16.7% (31 March 2019: 10.7%), partly due to the valuation decline of our investment properties. Our available liquidity remained strong at HK$16.2 billion (31 March 2019: HK$16.1 billion), comprising HK$7.9 billion cash and deposits (31 March 2019: HK$6.8 billion) and HK$8.3 billion undrawn committed debt facilities (31 March 2019: HK$9.3 billion). The average life of committed debt facilities remained long at 4.0 years (31 March 2019: 4.0 years). Link's available funding was sufficient for at least 24 months of operations without new financing.

As at 31 March 2020, the effective interest cost of our HK$ debt portfolio fell to 2.94% (31 March 2019: 3.12%). 56.5% of our HK$ debt was maintained at fixed interest rate (31 March 2019: 69.8%). The average life of HK$ fixed-rate debt, a measure of the average period of interest rate protection provided by HK$ fixed-rate debt, remained stable at 5.0 years (31 March 2019: 4.8 years).

Relevant Investments

To better manage our surplus cash and investment capacity to enhance returns to our Unitholders, Link invested HK$2.8 billion in investment-grade bonds with maturities of up to five years. As at 31 March 2020, the average maturity of our bond portfolio was 3.1 years. The average bond yield was 3.5%, while the credit rating of the bond portfolio was about BBB+ on average. The fixed income market has been volatile since the COVID-19 outbreak. While we will continue to monitor the credit quality of our investments, we intend to hold them until their respective maturities. Apart from debt securities, we will also explore investment opportunity in listed equities, REITs or property funds in line with the investment strategy approved by Unitholder in 2018, if such investments have the potential to generate or enhance strategic opportunities for Link.

Capital Return Programme

In June 2019, Link announced its plan to buyback up to 60 million units as part of our capital return programme. Our execution of the buyback programme depends on market conditions, unit price, trading volume and other regulatory considerations. In the financial year, we bought back approximately 52 million units at an average unit price of HK$81.7 using HK$4.2 billion. In the coming financial year, we will consider further unit buyback subject to market conditions and other regulatory requirements.

Following the last divestment completed on 13 March 2019, we have budgeted a discretionary distribution of about HK14 cents per unit per year for three years starting from the financial year ended 31 March 2020. This is to top-up for distribution per unit loss arising from the divestment to the extent the shortfall is not replaced by earnings from new acquisitions. This discretionary distribution, along with the announced buyback, is funded by the divestment premium of HK$2.8 billion achieved. Therefore, a discretionary distribution of HK$146 million or HK7.07 cents per unit for 2H 2019/2020 will be included in the final distribution.

Foreign Exchange Management

We have arranged approximately RMB600 million and A$15 million of forward contracts against HK$ to fix our RMB and A$ denominated net income in HK$ terms for the 2020/2021 financial year ensuring distributable income during the financial year is largely hedged against foreign currency fluctuations. In 2019/2020, a hedging gain of approximately HK$29 million was realised from our foreign exchange hedging strategy.

Credit Ratings

In June 2019, Moody's relaxed the key rating trigger on Link from 6.0-6.5 times debt-to-EBITDA to 6.5 times net debt-to-EBITDA. The latest rating trigger from Moody's provides Link with a larger debt headroom for potential acquisitions in the future. On 28 November 2019, Moody's further reaffirmed Link's "A2/Stable" credit rating. Standard and Poor's and Fitch Ratings also reaffirmed Link's rating at "A/Stable" on 13 August 2019 and 13 November 2019 respectively.

Committed Debt Facilities [1]
(As at 31 March 2020)

(HK$ billion)	Fixed rate debt [2]	Floating rate debt [2]	Utilised facilities	Undrawn facilities	Total committed facilities
<u>**Hong Kong**</u>					
HK$ Bank loans	3.0	8.8	11.8	8.3	20.1
A$ Bank loan	–	1.0	1.0	–	1.0
Medium Term Notes (***MTN***)	10.8	4.8	15.6	–	15.6
Convertible bond (***CB***)	4.0	–	4.0	–	4.0
Sub-total	**17.8**	**14.6**	**32.4**	**8.3**	**40.7**
<u>**Mainland China**</u>					
RMB Bank loans	–	2.2	2.2	–	2.2
Sub-total	**–**	**2.2**	**2.2**	**–**	**2.2**
Total	**17.8**	**16.8**	**34.6**	**8.3**	**42.9**

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

(2) After interest rate swaps.

Facility Maturity Profile [(1)]

(As at 31 March 2020)

(HK$ billion)	MTN	CB	HK$ Bank loans	RMB Bank loans	A$ Bank loan	Undrawn facilities	Total
Due in 2020/2021	0.4	–	0.5	0.1	–	0.5	1.5
Due in 2021/2022	1.5	–	4.0	0.1	–	1.5	7.1
Due in 2022/2023	1.2	4.0	0.3	0.2	–	0.7	6.4
Due in 2023/2024	–	–	7.0	0.2	–	5.6	12.8
Due in 2024/2025 and beyond	12.5	–	–	1.6	1.0	–	15.1
Total	**15.6**	**4.0**	**11.8**	**2.2**	**1.0**	**8.3**	**42.9**

Note:

(1) All amounts are at face value.

Culture of Excellence

Link's Culture of Excellence is integral to Vision 2025 and permeates throughout the organisation. In 2019/2020, we further strengthened our value proposition to the careers of current and future Linkers which we believe will be the catalyst for Link's transformation.

To maintain our productivity and ensure that our overall compensation components and other benefits remain competitive, we regularly review our talent strategy and plan through workforce planning, total reward programmes and learning and development initiatives.

Board Operations

Link's Board continues to evolve and strengthen focusing on oversight and fiduciary matters and also guiding Link's long-term strategy, risk management, talent management and remuneration system for a sustainable business. The input and guidance from the Board, particularly in 2019/2020, have been key contributors in ensuring our business remains resilient. This includes:

- Financial flexibility: Making sure the business not only stays healthy, but also has the flexibility to expand should opportunities arise

- Risk management: Updating how we approach risk management in a continually changing and volatile environment

- Remuneration: Aligning with management and with the objectives of Vision 2025

- Independent Board evaluation: Engaged Russell Reynolds Associates to conduct an independent Board evaluation to ensure and highlight the effectiveness and contribution of our Board

Management Team Development

During the year we re-engineered our organisational structure to make us more scalable and agile. Most notable was the setup of a group and regional centre structure, comprising Hong Kong, Mainland China and Australia, in view of an increasingly diverse portfolio. We aim to align management practices across regions and enable business growth with:

- Strategic management meetings in Hong Kong and Mainland China

- Annual management retreat to create alignment, develop collaboration and reshape how we think and operate

Building a Strong Talent Pipeline

Our focus is to hire for success – acquiring talent with the right mindset, experience and capabilities – to fuel Link's high-performing culture and organisational growth. We had expanded our C-suite and leadership bandwidth and set up strategic groups and regional centres in February 2020 to support business expansion. We improved our staff experience with a revamped employee onboarding process. We also continued to build our young talent pipeline as an integral part of our people strategy.

Retaining Key Talent

Retaining top performers is crucial to Link's continued success as they contribute to Link's bottom line. We re-modelled our performance framework to strengthen alignment between individual job performance and business objectives to foster a high performance culture with a clear purpose.

Cultivating Lifelong Learning Environment

LinkEDGE, a revamped learning management system, was launched in the third quarter of 2019 to provide "anytime, anywhere" digital learning experience. Leveraging technology to deliver 24/7 accessibility enables individual employees to learn at their own pace. They can take competency-based learning courses, as well as training on performance management and governance.

To enhance agility and resilience of the high performing teams, we launched several experiential learning series, amongst them mindfulness practices to front-line employees aiming to build awareness on self-efficacy to better manage the challenging business conditions and stress. To enhance the language proficiency of our colleagues, Mandarin Corner was launched in the first quarter of 2020. Through individual one-on-one virtual meeting session, customised course content was provided by our mandarin tutor to address our colleagues' varying proficiency level.

Strengthening Workplace Agility

The unprecedented circumstances arising from social incidents and COVID-19 have propelled us to accelerate workplace agility. Flexible work arrangements including flexible hours, remote access technology and contingent policies were implemented. We also devised a precautionary protocol to ensure business continuity, workplace safety and employee wellness. We initiated travel and health declaration protocol ahead of government advice, as the health and safety of Link's employees is our top priority.

The 24/7 employee assistance hotline was made available to our employees and their immediate family members, providing professional counselling support for better mental health.

We conducted an internal pulsecheck survey to gauge the effectiveness of these emergency measures and to solicit feedback on additional areas for improvement. Over 95% of our staff are satisfied with the measures in place.

Maintaining Employee Engagement

It is paramount to keep our employees safe, engaged and motivated at all times, particularly in a challenging year as 2019/2020. Linker's Panel, our employee committee, has been instrumental in gathering regular employee feedback and brainstorming collectively on how we could better support and engage our employees. The panel has been steering topics such as wellness, serving the communities, townhall meetings and new sports clubs.

Looking Ahead

2019/2020 was a volatile and challenging year. We navigated the social incidents and COVID-19 outbreak, and emerged more agile and resilient than ever. Our teamwork and speed to respond on multiple occasions showcased our commitment to excellence and capability in execution. We will remain focused on executing our people strategy, and by doing so to become an Employer of Choice.

Visionary Creativity

Link's approach to visionary creativity manifests itself in three ways. Firstly, as new products or programmes such as Park & Dine and Link Together Initiatives. Secondly, from realising additional value from our existing assets through innovation and improvements such as fresh market revamping. And finally, by challenging ourselves to identify with future trends and be a leader in their developments. The success of visionary creativity lies in having a strong corporate culture where each Linker understands and knows our business and is prepared to adapt to new challenges.

Link Together Initiatives: Link Scholars Alumni

Established in 2015, the Link University Scholarship Programme has been supporting outstanding students who are attending universities in Hong Kong as the first in their families in three generations. We are immensely proud to have played a part in a defining moment in their young lives. The programme remains strong and will continue as Link's flagship community engagement initiative. In 2019/2020 we welcomed 190 new young minds into the scholarship programme. Since its inauguration in 2015, we have granted a total of 750 scholarships, with 127 students graduating this year.

The journey through academia can be a challenging one. To further support our scholars, we created Link Scholars Alumni network to bring our Link Scholars together so they can share experiences and support each other throughout their academic years and beyond. We also offered them opportunities to apply for our summer internship programme.

Design Thinking: A tool to enable visionary creativity

To support our evolution towards a Business as Mutual work ethos, we have begun to implement design thinking principles to ignite innovative thinking and problem-solving. This approach balances intuition and creativity with logic and systematic reasoning to explore different scenarios our business may face. The design thinking process involves interdisciplinary teams to leverage on different skills and experiences to come up with robust solutions. We applied this thinking to our 2019/2020 corporate risk management review with positive results.

Risk Management 360

We have evolved Link's enterprise risk management by integrating the "top down/bottom up" approach with internal and external input, to promote sustainable business practices and a risk sensitive culture so that we maximise business outcomes and minimise downside risks. Part of this improvement included transitioning from individual department risk exercises to an inclusive, inter-departmental scenario-based approach. This allows us to assess what risks and opportunities will arise in the event of specific scenarios so that we can implement holistic mitigation measures. We have identified a range of risks to our portfolio including supply chain management, food security and health and well-being.

Facilities Management Information Technology (FMIT)

During the year we developed and launched a pilot FMIT programme to improve four aspects of property management: better budget control by reducing unplanned maintenance, inventory and asset management, tracking and reporting of work orders, and workflow improvement to standardise best practice.

Initial results have been promising. Early piloting at two properties has shown a nearly 30% improvement in response time for repair and maintenance work orders. We have also seen streamlining of crucial property management functions including site safety, housekeeping and security. We are excited to roll this solution out to the entire portfolio in the coming months.

Thought Leadership

The impact of climate change remains one of our top priorities that we are committed to managing, and championing publicly. We have been leading the industry through our participation in a United Nations pilot to develop a Task Force on Climate-related Financial Disclosures compliant methodology for the real estate sector. We worked with 25 peer real estate companies and investors to develop a model that estimates the financial impact of climate change on property portfolios. The result of this novel and groundbreaking project provides businesses with a quick, easy to understand assessment of how climate change may impact real assets.

Connecting Stakeholders

In the face of social incidents during the reported period, Link has been proactively assisting tenants whose operations were disrupted. We have stepped up property management, monitored developments closely and ensured constant communication with our tenants and contractors, with an aim to minimise the adverse impact on both tenants and shoppers.

COVID-19 hit Hong Kong in January 2020 which has turned the lives of many people upside down. Link has been supporting tenants' business operations and shoppers' daily necessity needs by stepping up cleaning to ensure a safe and hygienic environment. In addition, we have offered support to the shopping centre tenants mostly affected by COVID-19 and school bus patrons of our car parks. During this process, we also assured local community leaders and other relevant stakeholders by keeping them informed of our plans and actions.

OUTLOOK

At this juncture, there is a lack of clarity of what the near future holds and what challenges we may face. This makes it difficult for business planning, requiring us to be even more vigilant and diligent in monitoring our progress to ensure we stay on track.

Lease negotiations have been slower this year and more cases of negative reversions are noted. We remain convinced that our current portfolio management strategy remains the right one, and our priority has been to maintain a steady occupancy level. We have learned many lessons this year and there will be still more to come as economies and communities emerge and recover from the crises. Based on preliminary assessment and barring any further drastic deterioration of the economy, we estimate Hong Kong retail rental to remain stable in 2020/2021 while Mainland China retail portfolio should maintain positive reversion.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Note	**2020** **HK$'M**	2019 HK$'M
Revenue	2	**10,718**	10,037
Property operating expenses		**(2,498)**	(2,348)
Net property income		**8,220**	7,689
General and administrative expenses		**(416)**	(405)
Change in fair values of investment properties		**(23,948)**	12,269
Gains on disposals of investment properties		**–**	2,761
Interest income		**183**	85
Finance costs		**(630)**	(598)
(Loss)/profit before taxation and transactions with Unitholders	4	**(16,591)**	21,801
Taxation	5	**(712)**	(1,359)
(Loss)/profit for the year, before transactions with Unitholders		**(17,303)**	20,442
Distributions paid to Unitholders:			
– 2020 interim distribution		**(2,966)**	–
– 2019 final distribution		**(2,964)**	–
– 2019 interim distribution		**–**	(2,759)
– 2018 final distribution		**–**	(2,758)
		(23,233)	14,925
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		**(24,835)**	13,260
Amount arising from exchange reserve and cash flow hedging reserve movements		**1,783**	1,552
Non-controlling interest		**(181)**	113
		(23,233)	14,925
(Loss)/profit for the year, before transactions with Unitholders attributable to			
– Unitholders *(Note)*	6	**(17,122)**	20,329
– Non-controlling interest		**(181)**	113
		(17,303)	20,442

Note: (Loss)/earnings per unit, based upon (loss)/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 2020

	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 2020					
Loss for the year	**(17,122)**	**18,905**	**1,783**	**(181)**	**1,602**
Other comprehensive income					
Items that may be reclassified subsequently to the consolidated income statement					
– Cash flow hedging reserve	**(96)**	**–**	**(96)**	**–**	**(96)**
– Exchange reserve	**(1,687)**	**–**	**(1,687)**	**–**	**(1,687)**
Total comprehensive loss for the year	**(18,905)**	**18,905**	**–**	**(181)**	**(181)**
For the year ended 31 March 2019					
Profit for the year	20,329	(18,777)	1,552	113	1,665
Other comprehensive income					
Items that may be reclassified subsequently to the consolidated income statement					
– Cash flow hedging reserve	(236)	–	(236)	–	(236)
– Exchange reserve	(1,316)	–	(1,316)	–	(1,316)
Total comprehensive income for the year	18,777	(18,777)	–	113	113

Notes:

(i) Transactions with Unitholders comprise the distributions to Unitholders of HK$5,930 million (2019: HK$5,517 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, which is a decrease of HK$24,835 million (2019: an increase of HK$13,260 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 attributable to Unitholders, after the transactions with Unitholders, is zero.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS

FOR THE YEAR ENDED 31 MARCH 2020

	2020 *HK$'M*	2019 *HK$'M*
(Loss)/profit for the year, before transactions with Unitholders attributable to Unitholders	**(17,122)**	20,329
Adjustments:		
– Change in fair values of investment properties attributable to Unitholders	**23,831**	(12,151)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders	**(454)**	250
– Change in fair values of derivative components of convertible bonds	**(157)**	–
– Change in fair values of financial instruments	**(276)**	90
– Gains on disposals of investment properties, net of transaction costs	**–**	(2,761)
– Depreciation and amortisation of real estate and related assets	**41**	–
– Other non-cash income	**(189)**	(87)
Discretionary distribution *(Note (i))*	**291**	53
Total Distributable Amount *(Note (i))*	**5,965**	5,723
Interim distribution, paid	**2,966**	2,759
Final distribution, to be paid to the Unitholders	**2,999**	2,964
Total distributions for the year	**5,965**	5,723
Units in issue at 31 March	**2,057,898,386**	2,109,321,254
Distributions per unit to Unitholders:		
– Interim distribution per unit, paid *(Note (ii))*	**HK141.47 cents**	HK130.62 cents
– Final distribution per unit, to be paid to the Unitholders *(Note (iii))*	**HK145.72 cents**	HK140.55 cents
Distribution per unit for the year	**HK287.19 cents**	HK271.17 cents

Notes:

(i) Under the terms of the Trust Deed, Link is required to distribute to Unitholders no less than 90% of its distributable income for each financial year. Distributable income, according to the Trust Deed, is the Group's consolidated profit after taxation attributable to Unitholders, as adjusted to eliminate the effect of certain non-cash adjustments which have been recorded in the consolidated income statement for the relevant year. For the year ended 31 March 2020, the Manager has decided to distribute 100% (2019: 100%) of its distributable income to Unitholders. In addition, the Manager recommended a capital return in the form of a discretionary distribution of HK$291 million (2019: HK$53 million). Together with the discretionary distribution, Total Distributable Amount represented 105% (2019: 101%) of the distributable income of the Group for the year ended 31 March 2020.

(ii) The interim distribution per unit of HK141.47 cents (2019: HK130.62 cents) for the six months ended 30 September 2019 was calculated based on the interim distribution of HK$2,966 million (2019: HK$2,759 million) for the period and 2,096,767,886 units (2019: 2,111,986,754 units) in issue as at 30 September 2019. The interim distribution was paid to Unitholders on 10 December 2019.

(iii) The final distribution per unit of HK145.72 cents (2019: HK140.55 cents) for the year ended 31 March 2020 is calculated based on the final distribution to be paid to the Unitholders of HK$2,999 million (2019: HK$2,964 million) for the second half of the financial year and 2,057,898,386 units (2019: 2,109,321,254 units) in issue as at 31 March 2020, 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 30 July 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2020 HK$'M	2019 HK$'M
Assets			
Goodwill		**424**	433
Investment properties	7	**193,224**	218,496
Property, plant and equipment		**1,389**	138
Financial assets at amortised cost		**2,746**	–
Deposits and prepayments		**497**	106
Derivative financial instruments		**231**	42
Trade and other receivables	8	**1,231**	933
Bank deposits		**–**	4,095
Cash and cash equivalents		**7,877**	2,694
Total assets		**207,619**	226,937
Liabilities, excluding net assets attributable to Unitholders			
Deferred tax liabilities		**2,871**	3,191
Long-term incentive schemes provision		**136**	200
Other liabilities		**5,017**	5,100
Interest bearing liabilities	9	**30,688**	24,217
Convertible bonds	10	**3,910**	–
Security deposits		**1,782**	1,751
Derivative financial instruments		**88**	246
Provision for taxation		**370**	321
Trade payables, receipts in advance and accruals	11	**2,640**	2,585
Total liabilities, excluding net assets attributable to Unitholders		**47,502**	37,611
Non-controlling interest		**406**	587
Net assets attributable to Unitholders		**159,711**	188,739
Units in issue		**2,057,898,386**	2,109,321,254
Net assets per unit attributable to Unitholders		**HK$77.61**	HK$89.48

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

FOR THE YEAR ENDED 31 MARCH 2020

	Net assets attributable to Unitholders *HK$'M*	**Total reserves** *HK$'M*	**Non-controlling interest** *HK$'M*
At 1 April 2019	**188,739**	**580**	**587**
Issuance of units under the 2007 LTI Plan	**47**	**–**	**–**
Units bought back for cancellation	**(4,240)**	**–**	**–**
Loss for the year ended 31 March 2020, before transactions with Unitholders	**(17,122)**	**–**	**(181)**
Distributions paid to Unitholders			
– 2020 interim distribution	**(2,966)**	**–**	**–**
– 2019 final distribution	**(2,964)**	**–**	**–**
Change in fair values of cash flow hedges	**–**	**(58)**	**–**
Amount transferred to the consolidated income statement	**–**	**(38)**	**–**
Exchange loss on translation of financial statements	**–**	**(1,687)**	**–**
Amount arising from exchange reserve and cash flow hedging reserve movements	**(1,783)**	**1,783**	**–**
Change in net assets attributable to Unitholders and non-controlling interest for the year ended 31 March 2020, excluding issues of new units and units bought back	**(24,835)**	**–**	**(181)**
At 31 March 2020	**159,711**	**580**	**406**
At 1 April 2018	178,594	580	474
Issuance of units under the 2007 LTI Plan	101	–	–
Units bought back for cancellation	(3,216)	–	–
Profit for the year ended 31 March 2019, before transactions with Unitholders	20,329	–	113
Distributions paid to Unitholders			
– 2019 interim distribution	(2,759)	–	–
– 2018 final distribution	(2,758)	–	–
Change in fair values of cash flow hedges	–	(162)	–
Amount transferred to the consolidated income statement	–	(74)	–
Exchange loss on translation of financial statements	–	(1,316)	–
Amount arising from exchange reserve and cash flow hedging reserve movements	(1,552)	1,552	–
Change in net assets attributable to Unitholders and non-controlling interest for the year ended 31 March 2019, excluding issues of new units and units bought back	13,260	–	113
At 31 March 2019	188,739	580	587

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	HK$'M	*HK$'M*
Operating activities		
Net cash generated from operating activities	**6,589**	5,941
Investing activities		
Acquisition of businesses	**(67)**	(7,085)
Proceeds from disposals of investment properties	**–**	12,010
Additions to investment properties	**(1,388)**	(2,623)
Additions to property, plant and equipment	**(218)**	(49)
Purchase of financial assets at amortised cost	**(2,777)**	–
Interest income received	**188**	92
Deposits paid for acquisition of a property	**(365)**	–
Decrease in bank deposits with original maturity of more than three months	**4,095**	4,430
Net cash (used in)/generated from investing activities	**(532)**	6,775
Financing activities		
Proceeds from interest bearing liabilities, net of transaction costs	**21,629**	14,804
Repayment of interest bearing liabilities	**(15,474)**	(19,124)
Proceeds from convertible bonds, net of transaction costs	**3,974**	–
Increase in amount due to non-controlling interest	**159**	559
Interest expenses paid	**(882)**	(648)
Payment of lease liabilities	**(2)**	–
Distributions paid to Unitholders	**(5,930)**	(5,517)
Units bought back for cancellation	**(4,240)**	(3,216)
Net cash used in financing activities	**(766)**	(13,142)
Net increase/(decrease) in cash and cash equivalents	**5,291**	(426)
Cash and cash equivalents at 1 April	**2,694**	3,164
Effect on exchange rate changes on cash and cash equivalents	**(108)**	(44)
Cash and cash equivalents at 31 March	**7,877**	2,694

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

(b) Accounting convention

During the year, the Group has changed the presentation of the consolidated statement of financial position by adopting the liquidity basis as it is considered to be more relevant and meaningful to readers based on the timing of their realisation or settlement of assets and liabilities as justified by the market situation. The change in the presentation has been applied retrospectively.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, long-term incentive schemes provision, derivative components of convertible bonds, investment properties and non-controlling interest put option obligation, which are stated at fair values.

(c) Adoption of new and revised accounting policies

For the year ended 31 March 2020, the Group has adopted the following new standards, amendments and interpretations which became effective or available for early adoption.

HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement
HKAS 28 Amendments	Long-term Interests in Associates and Joint Ventures
HKFRS 3 Amendments	Definition of a Business
HKFRS 9 Amendments	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	

1 Basis of preparation (Continued)

(c) Adoption of new and revised accounting policies (Continued)

The adoption of these new standards, amendments and interpretations has not had any significant effect on the results reported and financial position of the Group. The accounting policies have been updated where applicable for these new standards, amendments and interpretations.

The following new standards and amendments, 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 2020.

HKAS 1 and HKAS 8 Amendments	Definition of Material[1]
HKAS 39, HKFRS 7 and HKFRS 9 Amendments	Interest Rate Benchmark Reform[1]
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

[1] effective for accounting periods beginning on or after 1 January 2020
[2] effective for accounting periods beginning on or after 1 January 2021
[3] 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 standards and amendments upon initial application.

2 Revenue

Revenue recognised during the year comprises:

	2020	2019
	HK$'M	*HK$'M*
Rentals		
– Hong Kong retail properties	**6,815**	6,660
– Hong Kong car parks	**1,912**	1,979
– Mainland China retail properties	**1,073**	646
– Others *(Note)*	**443**	342
	10,243	9,627
Other revenue		
– Air conditioning service fees	**384**	348
– Other property related revenue	**91**	62
	475	410
Total revenue	**10,718**	10,037

Note: Others include rentals from commercial properties in Hong Kong and the Mainland China.

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK$114 million (2019: HK$133 million) and have been included in the rental income.

3 Segment information

	Hong Kong retail properties *HK$'M*	Hong Kong car parks *HK$'M*	Mainland China retail properties *HK$'M*	Others *HK$'M*	Total *HK$'M*
For the year ended 31 March 2020					
Revenue	7,222	1,917	1,101	478	10,718
Segment results	5,576	1,469	819	(60)	7,804
Change in fair values of investment properties	(17,981)	(4,046)	(894)	(1,027)	(23,948)
Interest income					183
Finance costs					(630)
Loss before taxation and transactions with Unitholders					(16,591)
Taxation					(712)
Loss for the year, before transactions with Unitholders					(17,303)
Capital expenditure	989	207	107	505	1,808
Depreciation	–	–	(1)	(74)	(75)

3 Segment information (Continued)

	Hong Kong retail properties *HK$'M*	Hong Kong car parks *HK$'M*	Mainland China retail properties *HK$'M*	Others *HK$'M*	Total *HK$'M*
As at 31 March 2020					
Segment assets	128,337	31,801	19,475	16,728	196,341
Goodwill					424
Financial assets at amortised cost					2,746
Derivative financial instruments					231
Cash and cash equivalents					7,877
Total assets					207,619
Segment liabilities	2,334	142	695	1,251	4,422
Provision for taxation					370
Long-term incentive schemes provision					136
Interest bearing liabilities					30,688
Convertible bonds					3,910
Derivative financial instruments					88
Deferred tax liabilities					2,871
Other liabilities					5,017
Total liabilities, excluding net assets attributable to Unitholders					47,502
Non-controlling interest					406
Net assets attributable to Unitholders					159,711

For the year ended 31 March 2020, revenue of HK$1,448 million (2019: HK$1,026 million) is attributable to external customers from Mainland China and HK$9,270 million (2019: HK$9,011 million) is attributable to external customers from Hong Kong.

As at 31 March 2020, specified assets (which include investment properties, property, plant and equipment, and goodwill) of HK$25,474 million (2019: HK$28,956 million) is located in Mainland China and HK$169,563 million (2019: HK$190,111 million) is located in Hong Kong.

3 Segment information (Continued)

	Hong Kong retail properties *HK$'M*	Hong Kong car parks *HK$'M*	Mainland China retail properties *HK$'M*	Others *HK$'M*	Total *HK$'M*
For the year ended 31 March 2019					
Revenue	7,029	1,982	668	358	10,037
Segment results	5,374	1,508	498	(96)	7,284
Change in fair values of investment properties	7,358	3,210	1,000	701	12,269
Gains on disposals of investment properties					2,761
Interest income					85
Finance costs					(598)
Profit before taxation and transactions with Unitholders					21,801
Taxation					(1,359)
Profit for the year, before transactions with Unitholders					20,442
Capital expenditure	1,202	44	10,707	1,588	13,541
Depreciation	–	–	(1)	(21)	(22)

3 Segment information (Continued)

	Hong Kong retail properties *HK$'M*	Hong Kong car parks *HK$'M*	Mainland China retail properties *HK$'M*	Others *HK$'M*	Total *HK$'M*
As at 31 March 2019					
Segment assets	144,741	35,132	21,493	18,307	219,673
Goodwill					433
Derivative financial instruments					42
Bank deposits					4,095
Cash and cash equivalents					2,694
Total assets					226,937
Segment liabilities	2,337	143	643	1,213	4,336
Provision for taxation					321
Long-term incentive schemes provision					200
Interest bearing liabilities					24,217
Derivative financial instruments					246
Deferred tax liabilities					3,191
Other liabilities					5,100
Total liabilities, excluding net assets attributable to Unitholders					37,611
Non-controlling interest					587
Net assets attributable to Unitholders					188,739

4 (Loss)/profit before taxation and transactions with Unitholders

(Loss)/profit before taxation and transactions with Unitholders for the year is stated after charging/(crediting):

	2020	2019
	HK$'M	*HK$'M*
Staff costs	**689**	830
Depreciation of property, plant and equipment	**75**	22
Trustee's fee	**23**	20
Valuation fee	**4**	5
Auditor's remuneration		
Audit and audit-related assurance services	**10**	8
Acquisition related professional fees	**2**	2
Others	**1**	–
Total auditor's remuneration	**13**	10
Bank charges	**6**	5
Commission to property agents	**10**	134
Donations	**14**	13
Exchange gain	**(48)**	(49)
Short-term lease expenses	**13**	–
Operating lease charges	**–**	36
Other legal and professional fees	**31**	36

5 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2019: 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/(credited) to the consolidated income statement represents:

	2020	2019
	HK$'M	*HK$'M*
Current taxation		
– Hong Kong	**814**	850
– Mainland China	**174**	171
Deferred taxation	**(276)**	338
Taxation	**712**	1,359

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:

	2020	2019
	HK$'M	*HK$'M*
(Loss)/profit before taxation	**(16,591)**	21,801
Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2019: 16.5%)	**(2,738)**	3,597
Tax effect of different taxation rates	**(86)**	140
Tax effect of non-deductible expenses	**3,664**	26
Tax effect of non-taxable income	**(92)**	(2,358)
Tax effect of other temporary differences	**(59)**	(71)
Utilisation of previously unrecognised tax loss	**(10)**	(2)
Withholding tax on unremitted earnings of subsidiaries	**33**	27
Taxation	**712**	1,359

6 (Loss)/earnings per unit based upon (loss)/profit for the year, before transactions with Unitholders attributable to Unitholders

	2020	2019
(Loss)/profit for the year, before transactions with Unitholders attributable to Unitholders	**(HK$17,122 million)**	HK$20,329 million
Weighted average number of units for the year for calculating basic (loss)/earnings per unit	**2,096,244,109**	2,125,852,061
Adjustment for dilutive contingently issuable units under long-term incentive schemes	**–**	482,173
Weighted average number of units for the year for calculating diluted (loss)/earnings per unit	**2,096,244,109**	2,126,334,234
Basic (loss)/earnings per unit	**(HK$8.17)**	HK$9.56
Diluted (loss)/earnings per unit	**(HK$8.17)**	HK$9.56

The convertible bonds issued on 3 April 2019 have an anti-dilutive effect on the basic loss per unit for the year ended 31 March 2020, thus the diluted loss per unit is equivalent to the basic loss per unit.

7 Investment properties

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

	Completed properties *HK$'M*	Property under development *HK$'M*	Total *HK$'M*
At 1 April 2019	**207,948**	**10,548**	**218,496**
Exchange adjustments *(Note (e))*	**(1,791)**	**–**	**(1,791)**
Additions	**1,029**	**554**	**1,583**
Transfer to property, plant and equipment *(Note (g))*	**–**	**(1,116)**	**(1,116)**
Transfer to completed properties	**9,986**	**(9,986)**	**–**
Change in fair values	**(23,948)**	**–**	**(23,948)**
At 31 March 2020	**193,224**	**–**	**193,224**
At 1 April 2018	194,358	8,733	203,091
Exchange adjustments *(Note (e))*	(1,270)	–	(1,270)
Acquisition of business	10,663	–	10,663
Additions	1,311	1,522	2,833
Disposals	(9,090)	–	(9,090)
Change in fair values	11,976	293	12,269
At 31 March 2019	207,948	10,548	218,496

(b) Valuation process

The investment properties were revalued on a market value basis by Colliers International (Hong Kong) Limited (the ***Principal Valuer***), an independent firm of professional qualified valuers, which was newly appointed as the Principal Valuer of Link for property valuation as at 31 March 2020. The independent property valuation as at 31 March 2019 was performed by Jones Lang LaSalle Limited.

The Manager held discussions with the Principal Valuer and reviewed all significant inputs used by the Principal Valuer. Discussions of the valuation processes and results at each reporting date are held between the Manager and the Principal Valuer.

7 Investment properties (Continued)

(c) Valuation techniques

As at 31 March 2020, the Principal Valuer has relied on the income capitalisation approach as its primary approach with cross-referenced to the direct comparison approach (2019: income capitalisation approach, discounted cash flow analysis and residual approach as the primary approaches, cross-referenced to the direct comparison approach). The use of income capitalisation approach is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of Link and is in compliant with the Trust Deed.

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The discounted cash flow analysis requires periodic net cash flows to be forecasted over the life of the investment and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for expenditure, and having regard to the assumptions made relating to rental growth projections, vacancies, rent frees, replacement reserve, non-recoverable outgoings and leasing costs. The discounted cash flow analysis incorporates an assumed 10-year holding period and the reversionary value in year eleven, discounted by an appropriate discount rate to derive at a net present value.

The residual valuation method involves firstly the assessment of gross development value, which is the value of the proposed development, as if completed, at the date of valuation. Estimated outstanding cost of the development including costs of construction, professional fee, finance costs and associated costs, plus an allowance for developer's risk and profit are deducted from the gross development value. The resultant figure is the residual value.

7 Investment properties (Continued)

(c) Valuation techniques (Continued)

The three valuation techniques are summarised in the below table with their respective significant unobservable inputs.

		Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Income capitalisation approach			
Completed properties – retail and commercial properties and car parks	i)	Capitalisation rate (Blended): 3.01% – 5.10% (2019: 3.00% – 4.75%)	The higher the capitalisation rate, the lower the fair value.
	ii)	Net passing income per annum: HK$0.6M – HK$351.8M (2019: HK$0.6M – HK$360.4M)	The higher the net passing income, the higher the fair value.
Discounted cash flow analysis			
Completed properties – retail and commercial properties and car parks	i)	Discount rate: Not applicable (2019: 7.25% – 8.50%)	The higher the discount rate, the lower the fair value.
	ii)	Net passing income per annum: Not applicable (2019: HK$0.6M – HK$360.4M)	The higher the net passing income, the higher the fair value.
Residual approach			
Property under development (applicable for 31 March 2019 only)		Estimated development costs and allowance for developer's risk and profit	The higher the estimated development costs and allowance for developer's risk and profit, the lower the fair value.

The investment properties are included in Level 3 (2019: Level 3) of the fair value hierarchy.

7 Investment properties (Continued)

(d) Restriction of the REIT Code

Link acquired 77 Hoi Bun Road in Kowloon East for commercial development, Beijing Jingtong Roosevelt Plaza in Beijing and CentralWalk in Shenzhen, the completion of which were on 23 February 2015, 23 January 2019 and 14 March 2019 respectively, while the commercial development at 77 Hoi Bun Road, now known as The Quayside, was completed during the year. In accordance with the REIT Code, Link is prohibited from disposing of its properties for at least two years from either the time such properties are acquired or the dates of the completion of the development of the properties, unless the Unitholders approved the proposed disposal by way of special resolution passed in accordance with the Trust Deed.

(e) Exchange adjustments

The exchange loss on translation is attributable to the Group's investment properties in Mainland China as a result of the depreciation of Renminbi. The amount is included in exchange reserve.

(f) Security for the Group's loan facilities

As at 31 March 2020, certain of the Group's investment properties in Mainland China, amounting to approximately HK$10,026 million (2019: HK$10,701 million), were pledged to secure Group's loan facilities of HK$2,177 million (2019: HK$2,580 million).

(g) Transfer to property, plant and equipment

During the year, the Group has occupied two floors of The Quayside for self-used office. The value of which was transferred from investment properties to property, plant and equipment.

8 Trade and other receivables

	2020	2019
	HK$'M	*HK$'M*
Trade receivables	**270**	117
Less: provision for impairment of trade receivables	**(60)**	(6)
Trade receivables – net	**210**	111
Other receivables	**1,021**	822
	1,231	933

The carrying amounts of these receivables approximate their fair values and are expected to be mostly recovered within 1 year.

There are no specific credit terms given to the tenants. The net 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:

	2020	2019
	HK$'M	*HK$'M*
0–30 days	**187**	105
31–90 days	**66**	7
Over 90 days	**17**	5
	270	117

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$210 million (2019: HK$111 million) presented above were HK$52 million (2019: HK$60 million) of accrued car park income and HK$9 million (2019: HK$23 million) of accrued turnover rent, which were not yet due as at 31 March 2020.

8 Trade and other receivables (Continued)

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

	2020	2019
	HK$'M	*HK$'M*
At 1 April	**6**	6
Provision for impairment of trade receivables	**55**	4
Receivables written off during the year as uncollectible	**(1)**	(4)
At 31 March	**60**	6

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.

9 Interest bearing liabilities

	2020	2019
	HK$'M	*HK$'M*
Unsecured bank borrowings	**12,737**	6,732
Secured bank borrowings	**2,177**	2,580
Medium term notes	**15,774**	14,905
	30,688	24,217

9 Interest bearing liabilities (Continued)

The carrying amounts interest bearing liabilities are expected to be settled as below:

	2020	2019
	HK$'M	*HK$'M*
Due in the first year		
Unsecured bank borrowings	**499**	1,998
Secured bank borrowings	**88**	63
Medium term notes	**350**	1,306
	937	3,367
Due in the second year		
Unsecured bank borrowings	**3,962**	2,491
Secured bank borrowings	**114**	93
Medium term notes	**1,439**	350
	5,515	2,934
Due in the third year		
Unsecured bank borrowings	**298**	1,030
Secured bank borrowings	**141**	128
Medium term notes	**1,227**	1,438
	1,666	2,596
Due in the fourth year		
Unsecured bank borrowings	**6,975**	797
Secured bank borrowings	**158**	160
Medium term notes	**–**	1,226
	7,133	2,183
Due in the fifth year		
Unsecured bank borrowings	**1,003**	416
Secured bank borrowings	**161**	175
Medium term notes	**4,715**	–
	5,879	591
Due beyond the fifth year		
Secured bank borrowings	**1,515**	1,961
Medium term notes	**8,043**	10,585
	9,558	12,546
	30,688	24,217

9 Interest bearing liabilities (Continued)

Notes:

(i) Except for medium term notes of HK$7,918 million (2019: HK$7,481 million) which are denominated in United States Dollars and bank borrowings of HK$2,177 million (2019: HK$2,580 million) and HK$1,003 million (2019: Nil) which are denominated in Renminbi and Australian Dollars respectively, all the other interest bearing liabilities are denominated in Hong Kong Dollars.

(ii) All of Link's borrowings denominated in United States Dollars are fully hedged into Hong Kong Dollars.

(iii) The effective interest rate of the interest bearing liabilities which are denominated in Hong Kong Dollars and United States Dollars (taking into account cross currency swap contracts and interest rate swap contracts) at the reporting date was 2.94% (2019: 3.12%) and that of the interest bearing liabilities which are denominated in Renminbi and Australian Dollars were 5.58% (2019: 5.71%) and 1.43% (2019: N.A.) respectively.

10 Convertible bonds

On 3 April 2019, the Group issued HK$4 billion convertible bonds at 1.6% per annum due 2024. These bonds are convertible into new Link units at an initial conversion price of HK$109.39 per unit at the option of the bondholder. Link has the option to redeem the bonds if the closing price of the units is 130% or above the initial conversion price while bondholders have the right to require Link to redeem all or some only of the bonds on 3 April 2022. The convertible bonds are unsecured. The effective interest rate of the convertible bonds at the reporting date was 3.12%.

	HK$'M
Liability components	
At 1 April 2019	–
Issuance of convertible bonds	**3,817**
Finance costs	**125**
Interest expenses paid	**(32)**
At 31 March 2020	**3,910**
Derivative components	
At 1 April 2019	–
Issuance of convertible bonds	**157**
Change in fair value	**(157)**
At 31 March 2020	**–**
	3,910

11 Trade payables, receipts in advance and accruals

	2020	2019
	HK$'M	*HK$'M*
Trade payables	**80**	192
Receipts in advance	**310**	285
Accruals	**2,250**	2,108
	2,640	2,585

The carrying amounts of these payables approximate their fair values and are expected to be settled as below:

	2020	2019
	HK$'M	*HK$'M*
Within 1 year	**2,638**	2,585
After 1 year	**2**	–
	2,640	2,585

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

	2020	2019
	HK$'M	*HK$'M*
0–30 days	**55**	178
31–90 days	**13**	9
Over 90 days	**12**	5
	80	192

12 Event after the reporting date

On 7 April 2020, Link, through a wholly-owned subsidiary, completed the acquisition of an office property in Australia at an aggregate consideration of approximately Australian Dollars 683 million (equivalent to approximately HK$3,649 million). The acquired property, known as "100 Market Street", comprises a 10-storey commercial office tower located at 100 Market Street, which is situated within a mixed-use development in the central business district of Sydney, Australia.

APPRECIATION

During the year under review and up to the date of this announcement, Mr CHEUNG Lee Ming Andy resigned as Executive Director on 2 October 2019 while Mr NG Kok Siong, currently the Chief Financial Officer and one of the responsible officers of the Manager for the purposes of the Securities and Futures Ordinance (the ***SFO***), joined the Board as Executive Director on 1 February 2020. The Board would like to thank Mr CHEUNG Lee Ming Andy for his long service and contribution to the Board. The Board also welcomes Mr NG Kok Siong joining and bringing his expertise to the Board.

Taking this opportunity, the Board would like to thank all staff for their professionalism, commitment and contribution. Without their skills and dedicated customer services, Link would not have secured 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.

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 2020 have 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 2020 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.

AMENDMENTS TO THE TRUST DEED AND COMPLIANCE MANUAL

Trust Deed

On 1 April 2020, a provision in Link's trust deed (as amended by supplemental deeds) (the ***Trust Deed***) was amended to reduce the minimum percentage rate of the trustee's fee. The Manager and the trustee of Link (being HSBC Institutional Trust Services (Asia) Limited) entered into the 13th supplemental deed dated 1 April 2020 to make relevant amendments to the Trust Deed.

Compliance Manual

On 1 June 2020, the Manager's compliance manual (the ***Compliance Manual***) was updated to reflect the latest business practices and operations of Link (including the Manager).

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2020, Link and the Manager complied with the Code on Real Estate Investment Trusts (the ***REIT Code***), the SFO, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ***Stock Exchange***) (the ***Listing Rules***), the Trust Deed, and in all material respects 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 2020 of Link is set out in the Annual Report 2019/2020.

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 51,900,500 units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$4,240.3 million. Further details are set out as follows:

Month	Number of units bought back	Purchase price per unit		Approximate aggregate consideration (excluding expenses)
		Highest	Lowest	
		HK$	*HK$*	*HK$'M*
2019				
August	3,544,000	88.50	86.20	308.0
September	9,487,000	89.40	86.00	829.5
December	13,387,000	82.50	78.55	1,072.4
2020				
January	14,679,000	86.55	78.95	1,209.7
February	7,719,800	79.00	74.90	597.6
March	3,083,700	74.00	71.35	223.1

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, 477,632 new units of Link were issued to satisfy vesting of restricted unit awards granted pursuant to the long-term incentive plan adopted by Link on 23 July 2007. Based on 2,057,898,386 units in issue as at 31 March 2020, the number of new units issued during the year under review represented approximately 0.02% 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 HK145.72 cents per unit for the year ended 31 March 2020 will be paid on Thursday, 30 July 2020 to those Unitholders whose names appear on the register of Unitholders of Link on Thursday, 18 June 2020. For the purpose of ascertaining Unitholders' entitlement to the final distribution, the register of Unitholders of Link will be closed from Tuesday, 16 June 2020 to Thursday, 18 June 2020, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to qualify for the final 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 Monday, 15 June 2020.

Distribution Reinvestment Scheme

A distribution reinvestment scheme will be made available to eligible Unitholders who may elect to receive the final distribution for the year ended 31 March 2020 wholly in cash or wholly in new units or a combination of both. An announcement giving further information of this scheme will be published on or around Thursday, 18 June 2020, and a circular containing details of this scheme together with the relevant election form or revocation notice will be despatched to Unitholders on or around Friday, 26 June 2020.

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, 22 July 2020, the register of Unitholders of Link will also be closed from Friday, 17 July 2020 to Wednesday, 22 July 2020, 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, 16 July 2020.

DESPATCH OF ANNUAL REPORT 2019/2020

The Annual Report 2019/2020 of Link will be available on the websites of the Stock Exchange and Link and will be despatched to Unitholders on or around Thursday, 18 June 2020.

ANNUAL GENERAL MEETING OF UNITHOLDERS

The forthcoming annual general meeting of Unitholders of Link will be held on Wednesday, 22 July 2020. 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.

By order of the Board
Link Asset Management Limited
(as manager of Link Real Estate Investment Trust)
WONG Tai Lun Kenneth
Company Secretary

Hong Kong, 1 June 2020

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)*
NG Kok Siong *(Chief Financial 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
Elaine Carole YOUNG