



Expanding horizons, exploring new opportunities

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**Interim Results Presentation
Press Conference
2014/2015**

12 November 2014

Financial highlights

Revenue

HK\$3,830M
(↑9.6% yoy)

Net Property Income

HK\$2,783M
(↑10.6% yoy)

Distribution Per Unit

HK89.56 cents ⁽¹⁾
(↑11.6% yoy)

Note: (1) Including discretionary distribution

Non-financial highlights

37

Enhancement
Projects
Completed



Mystery
Shopper
Score
86

Link Together Initiatives



HK\$7.5M
donated

Employee Unit Purchase Plan

365
employees
participated





Enhance performance in Hong Kong portfolio

- Building regional centres for communities
- Operate in retail segment that is resilient to broader economic volatility



Diversify portfolio to reduce risk and improve prospects for long-term growth

- Actively manage portfolio by **selective disposals and acquisitions**
- **Expand investment mandate** allowing us to explore assets in Mainland China
- **Relaxation of Hong Kong REIT Code** letting us participate in development



Benchmarking against global practice

- International awards and recognitions
- Inclusion in global and local indices

Financial and Operational Performance

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Financial Performance

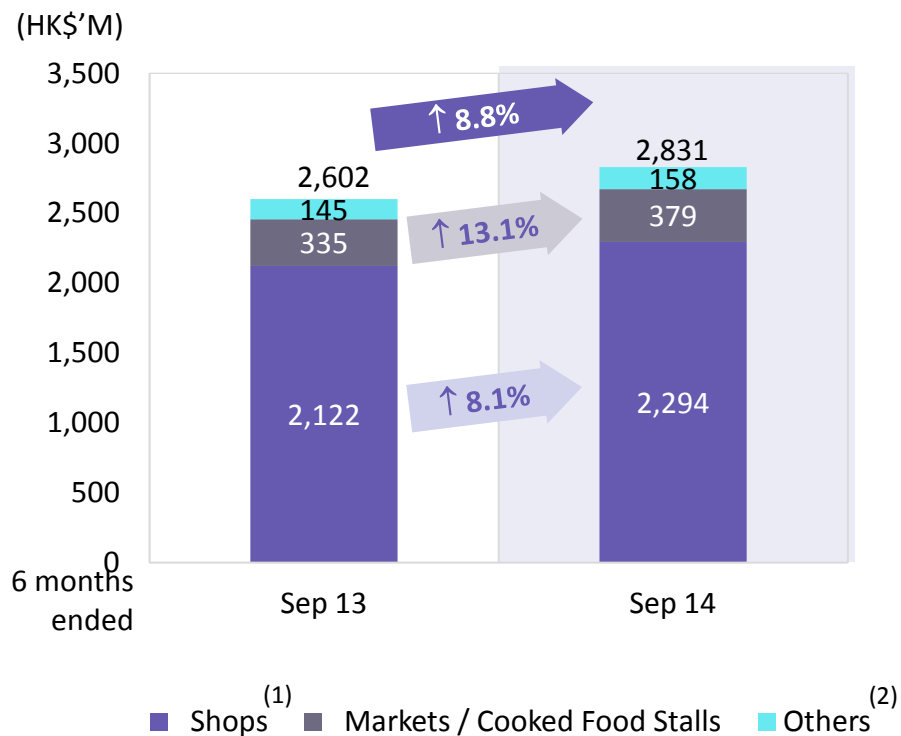
Solid performance supporting distribution growth

	6 months ended 30 Sep 2014 HK\$'M	6 months ended 30 Sep 2013 HK\$'M	YoY %
Revenue	3,830	3,493	↑ 9.6 %
Net property income	2,783	2,517	↑ 10.6 %
Total distributable income	1,926	1,854	↑ 3.9%
Discretionary distribution ⁽¹⁾	128	-	N/A
Total distributable amount	2,054	1,854	↑ 10.8 %
Distribution Per Unit (HK\$)	89.56	80.22	↑ 11.6 %
Total distributable amount as a percentage of total distributable income (%)	107%	100%	↑ 7 pts

Note: (1) The Manager recommended a discretionary distribution relating to the transaction costs incurred for the acquisition of investment property during the period.

Retail Income Performance

Maintaining steady growth



	For the six months ended 30 Sep 2014	For the six months ended 30 Sep 2013
NPI margin (%)	73.2	72.9
Reversion rate (%)	23.6	23.6
	As at 30 Sep 2014	As at 31 Mar 2014
Occupancy (%)	94.4	94.4
Average unit rent (\$)	43.6	42.1

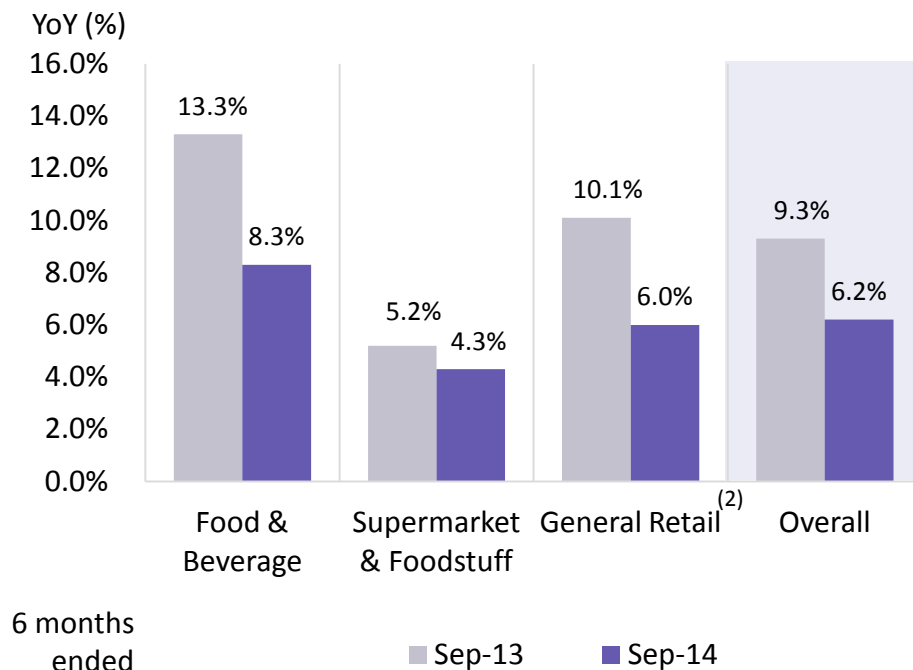
Notes: (1) Rental from shops includes base and turnover rent

(2) Others including education / welfare / office / ancillary & mall merchandising

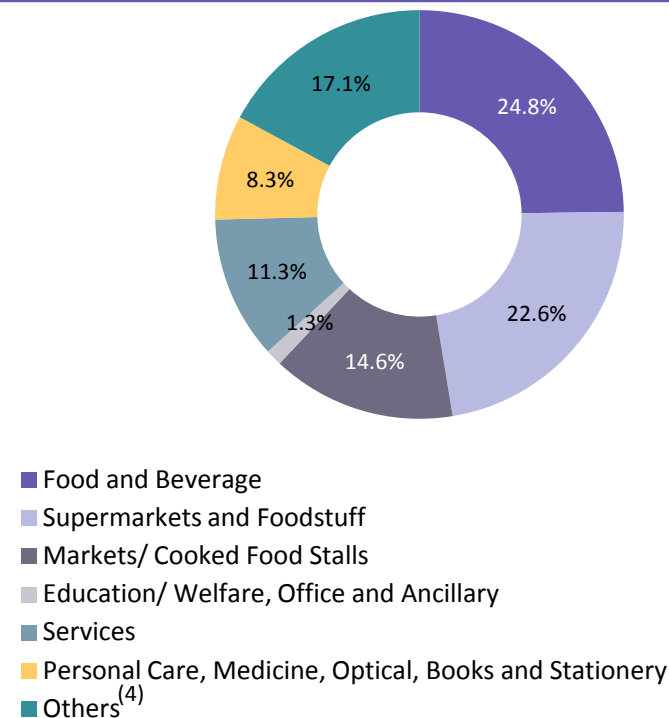
Tenant Performance

Resilient growth with majority in non-discretionary trades

Tenant Gross Sales⁽¹⁾



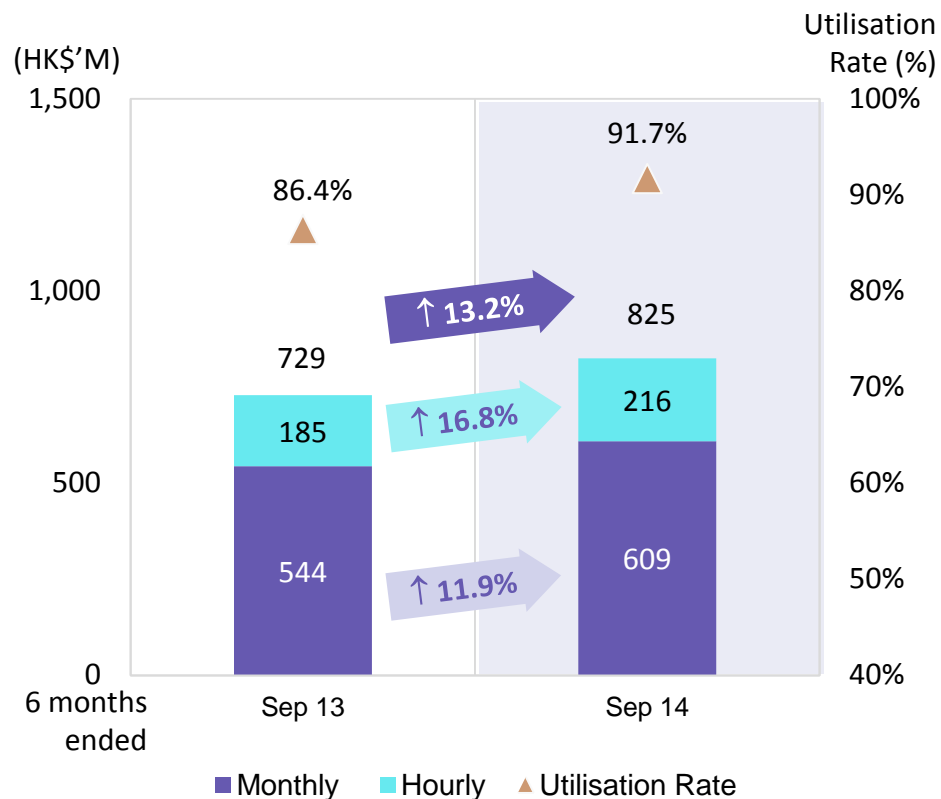
Retail Trade Mix by Monthly Base Rent⁽³⁾



- Notes: (1) Percentage figures represent year-on-year change in tenants average monthly sales per square foot of the respective period
 (2) Including services, personal care, medicine, optical, books and stationery, and items classified under "others" below. See note (4)
 (3) Percentage figures as at 30 September 2014
 (4) Including clothing, department stores, electrical and household products, leisure and entertainment, and valuable goods

Car Park Income Performance

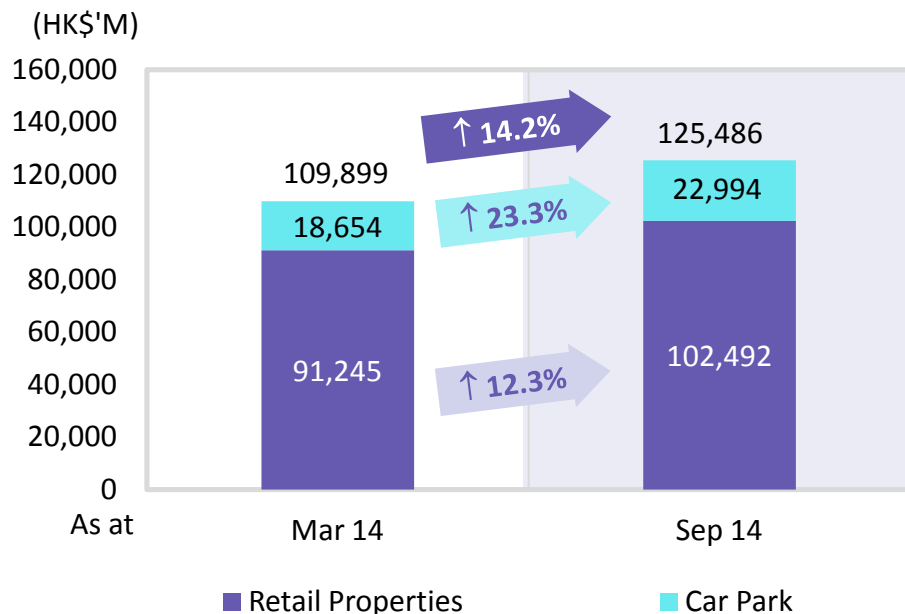
Strong demand supports growth



	For the six months ended 30 Sep 2014	For the six months ended 30 Sep 2013
NPI margin (%)	70.7	68.8
Car park income per space per month (HK\$)	1,738	1,529
	As at 30 Sep 2014	As at 31 Mar 2014
Utilisation of car park space (%)	91.7	88.1
Average valuation per space (HK\$'000)	294	235

Property Valuation

Cap rate compression to reflect recent market transactions



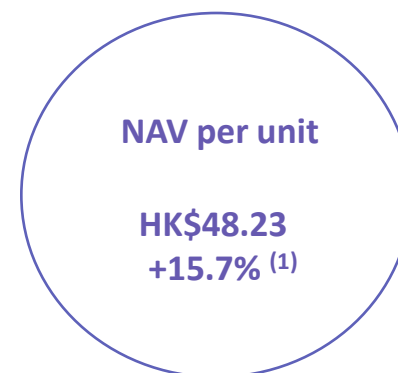
- Robust car park performance and lower cap rates supported value increase
- Average valuation per space of HK\$294K

Retail property value increase contributed by:

- Increase in net property income
- Lowered cap rates for smaller assets

	Weighted average capitalisation rate		
	30 Sep 2014	31 Mar 2014	Change
Retail	4.76%	5.09%	↓0.33ppts
Car Park	5.09%	6.16%	↓1.07ppts
Overall	4.82%	5.27%	↓0.45ppts

Note: (1) variance as compared to 31 March 2014



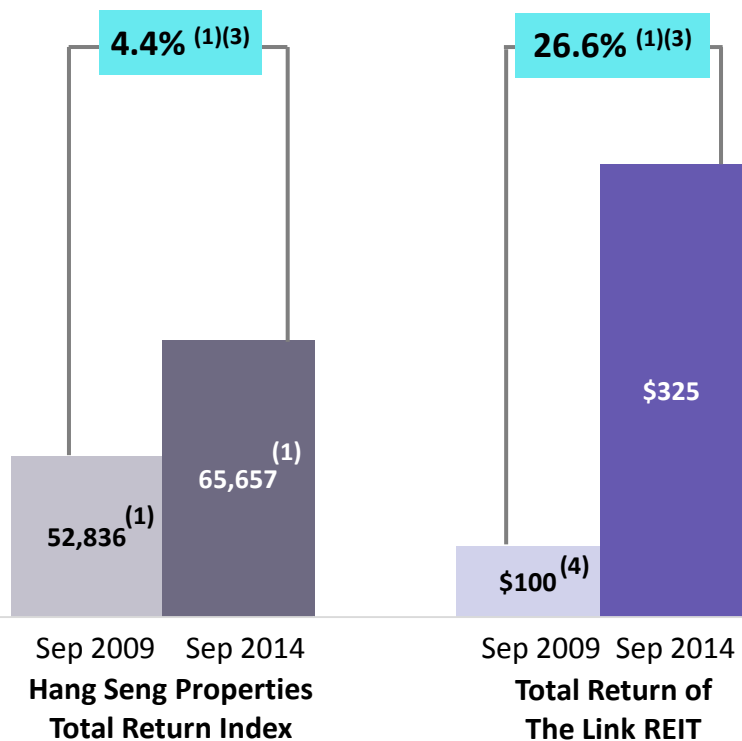
Business Overview and Outlook

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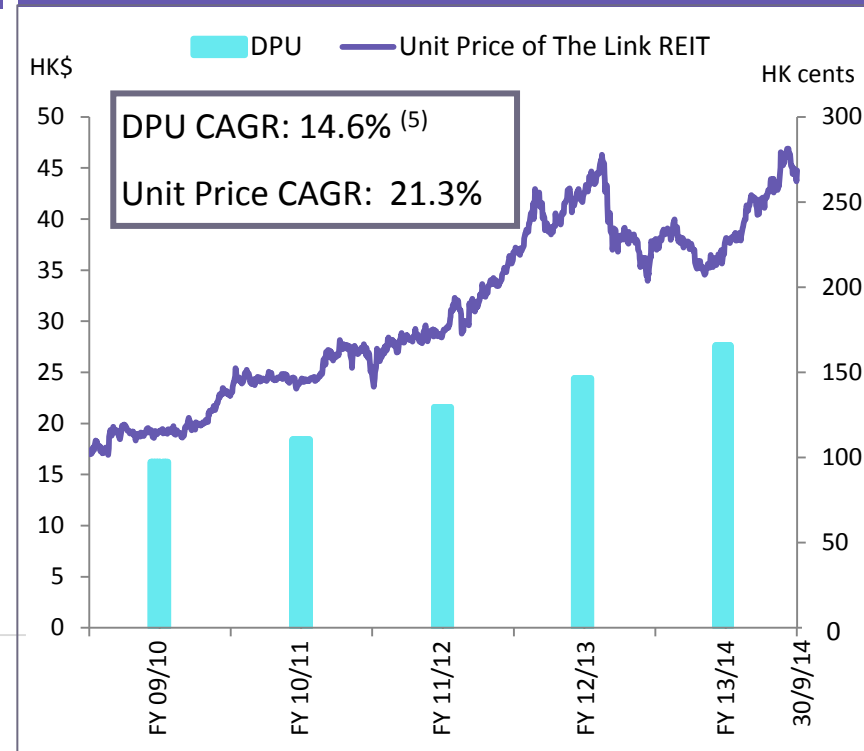


Total Unitholders' Return ("TUR") Delivering TUR growth to unitholders

5-Year Compound Annual Total Return Comparison ⁽²⁾



5-Year Movement



Notes: (1) Source: Bloomberg

(2) Total return defines as change in stock price plus dividends paid

(3) Compound annual total return was calculated from 30 September 2009 to 30 September 2014, including re-investment of dividends

(4) Assume initial investment of HK\$100 in The Link REIT on 30 September 2009

(5) DPU 5-year CAGR for the past 5 financial years

Asset Management

- Continue to improve tenant mix
- Margin continue to expand

Asset Enhancement

- Completed **2 projects**
- Maintain strong pipeline till 2020

Asset Investment

- Acquired **Lions Rise Mall**
- Disposed **9 smaller properties** to streamline portfolio

Capital Management

- Issued **US\$500M 10-year notes** at 3.6% coupon rate
- Repurchased **19.4m units** at average price of **HK\$45.6 per unit**

Refine
tenant mix

Improve
service
standards

Introduce
innovative
marketing
campaigns

Support
tenant
sales

Newly Joined Tenants

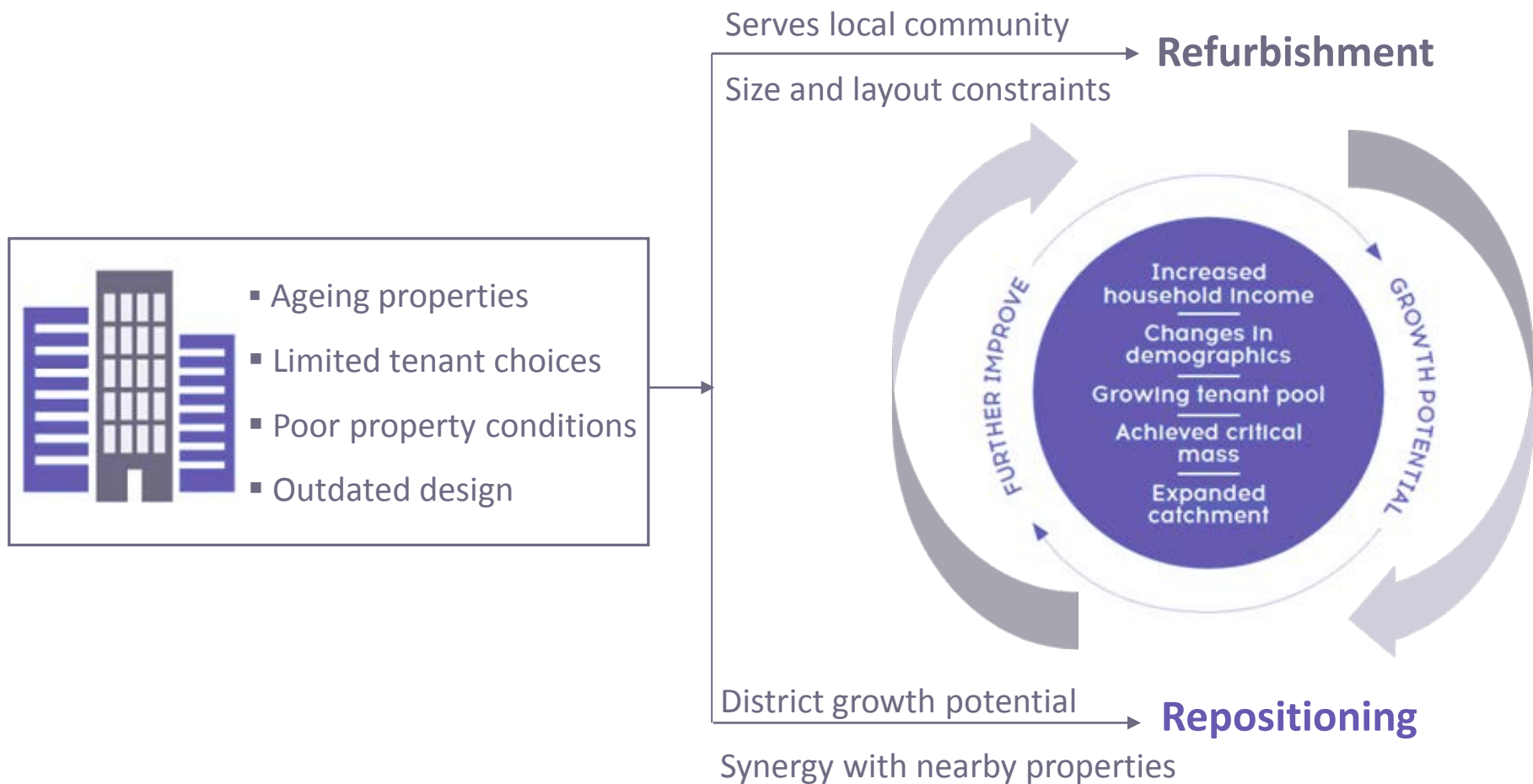


Existing Tenants Expansion



Asset Enhancement

Ongoing process to improve and create value



Asset Enhancement

Project pipeline extending to 2020

Completed Refurbishment Projects

Hoi Fu Shopping Centre

Capex: HK\$39M

ROI⁽¹⁾: 19.1%

BEFORE



AFTER

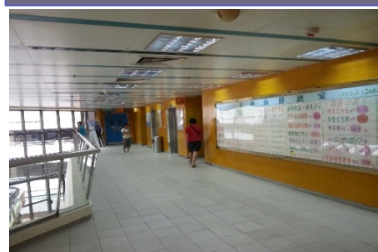


Mei Lam Commercial Centre

Capex: HK\$87M

ROI⁽¹⁾: 17.8%

BEFORE



AFTER



Project Pipeline

Project Pipeline	Target Completion Year						
	2014	2015	2016	2017	2018	2019	2020
Underway	7 projects (HK\$1,444m) ⁽²⁾						
Pending Statutory Approval			8 projects (HK\$1,155m) ⁽²⁾				
Others Under Planning				>13 projects (>HK\$1,600m) ⁽²⁾			

Notes: (1) Estimated return on investment ("ROI") 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) Estimated figures as at 30 September 2014

Asset Investment – Acquisition in Hong Kong

Provide synergistic benefits with existing assets

Lions Rise Mall

- Allow development of a coordinated retail cluster
- Potential upside
 - improvement in occupancy
 - market reversion
 - district's population growth

	Lung Cheung	Wong Tai Sin	Lions Rise
Positioning	Mid	Mass-mid	Mid
Target Customers	Primary + Secondary Catchment Tourists		Primary Catchment
Shop Types	Mid-range chain stores	Local chain stores and independent boutiques	Mid-range chain stores and specialist boutiques



Note: (1) Source: Wong Tai Sin District Council meeting materials, MTRC

Asset Investment – Acquisition in Mainland China

Paving the way for inorganic growth



Seeking opportunities in Mainland China, initially within Pearl River Delta

Diligent project assessment and prudent deal structuring

Investment Strategy

- Target mid-market retail properties
- Stand-alone shopping malls / retail portion of mixed-use developments
- Income generating properties and uncompleted properties
- Wholly-owned or majority-owned in JV with strong local developers

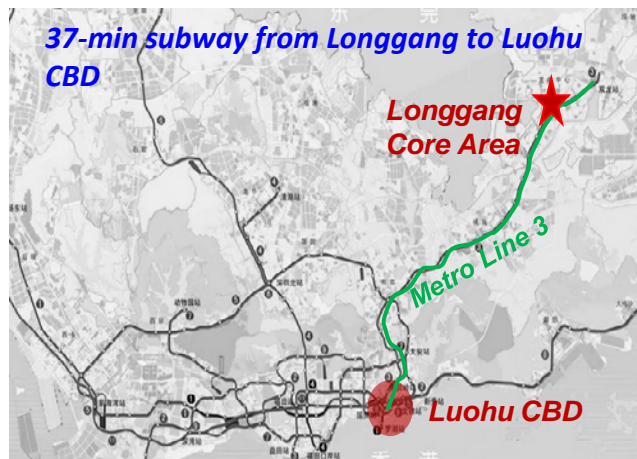
Asset Investment – Acquisition in Mainland China

Proposed acquisition of Longgang Vanke Mall



Signed MOU on 10 Nov 2014 for exclusive due diligence

Target Property	Retail centre, certain street shops and car parks of an integrated mixed-use development
Location	Longcheng Street, Longgang District, Shenzhen
Trade mix	F&B, fashion, leisure and entertainment
GFA	Approximately 100,000 m ²
Developer	China Vanke Co. Ltd
Opening date	December 2013
Targeted interest in the Property	80% interest with China Vanke as partner



Investment Criteria	Criteria matched?
Retail portion of mixed-used development	✓
Decentralised suburban middle-class district with convenient mass transit network	✓
Income generating properties	✓
Majority owned in JV with strong partner	✓

Asset Investment – Disposals

Enhance value by streamlining the portfolio

Continue to evaluate our portfolio performance

Focus management resources on our larger assets

Disposal Criteria:

- Relatively smaller assets in portfolio
- Lack of synergistic benefits with the rest of our portfolio
- Limited enhancement potential

Assets disposed in first half 2014/2015:

- 9 properties⁽¹⁾
- Total consideration: HK\$2,956M
- Premium to valuation as at 31 March 2014: Approximately 33%

Note: (1) Second batch disposal of 5 properties for HK\$1,716m to be completed on 1 December 2014

Unit buybacks

- Neutralise future DPU loss from disposals
- Total amount used: HK\$888M
- Units bought back: 19.4 million at average price of HK\$45.6 per unit

Taken advantage of the low interest rate environment to lock-in low funding costs for longer maturity

- Issued US\$500M 10-year fixed rate notes at 3.6% per annum
- Repaid secured loan of HK\$2B and maturing bank loans of HK\$550M

Asset Management

- Continue to upgrade and expand tenant mix
- Diligent cost control to increase margin

Asset Enhancement

- Capitalise on districts with growth dynamics
- Extend pipeline and explore more opportunities for refurbishment and repositioning

Asset Investment

- Seek opportunities in both Hong Kong and Mainland China
- Expand mandate to capture development opportunities

Capital Management

- Maintain high credit ratings to access low cost funding
- Prudent approach to mitigate market volatility

Hong Kong REITs are now allowed to participate in property development activities, with investment size limited to <10% of Gross Asset Value

Propose to undertake property development and related activities in respect of developments that contain retail and/or commercial portions, adhering to:

- Invest in properties for long-term holding
- Focus on properties with sustainable income growth and long-term capital appreciation potential
- Maintain a large and geographically diversified portfolio

To seek approval from Unitholders in EGM for the amendment of Investment Strategy

Resilient growth in retail sales of non-discretionary trades in Hong Kong

Large portfolio with high operating leverage provides stable income

Prudent capital management strategy underpins solid base for growth

Disciplined and cautious growth strategy

Consistent performance producing sustainable growth in total return

Interim Distribution

Distribution period	April 2014 – September 2014
Last day of trading on a “cum” basis	24 November 2014
Ex Distribution date	25 November 2014
Distribution book close	27 November – 1 December 2014 (both days inclusive)
Record date for entitlement to cash distribution ⁽¹⁾	1 December 2014
Payment of cash distribution ⁽¹⁾	9 December 2014

Note: (1) There is no scrip alternative for this distribution.



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HANG SENG INDEXES

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Global Real Estate
Sustainability Benchmark



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