



The Link Real Estate Investment Trust  
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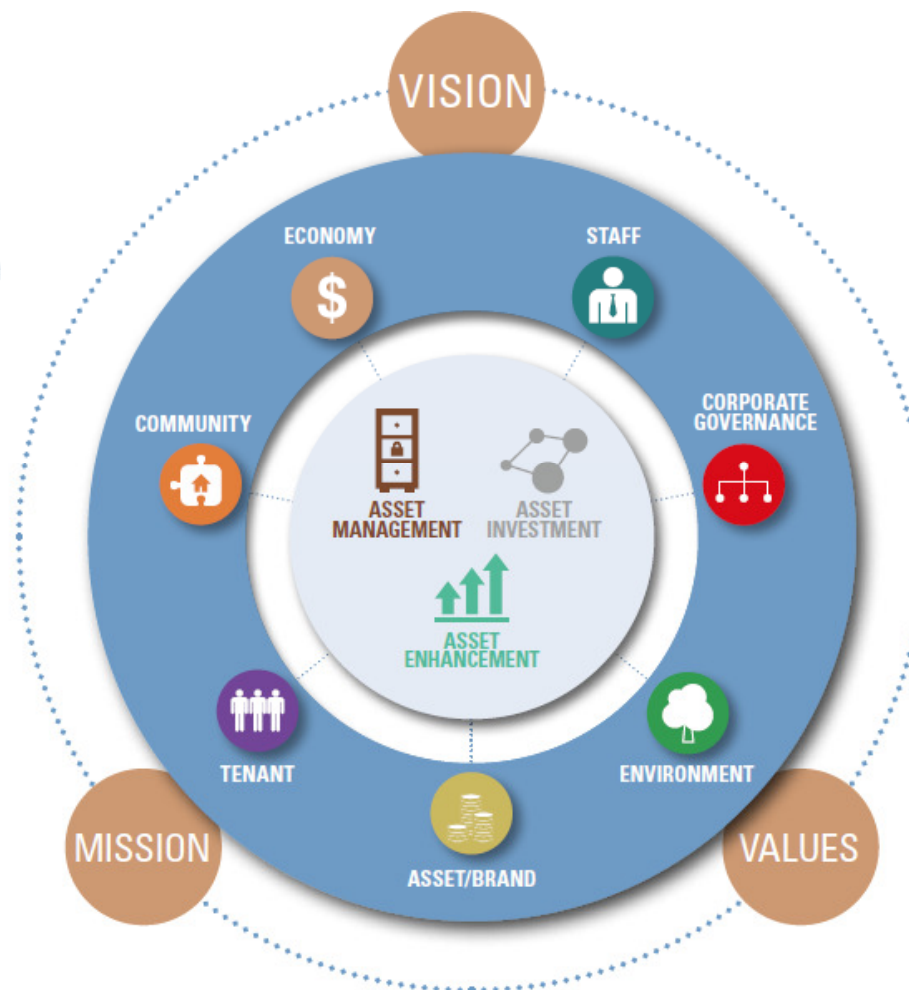
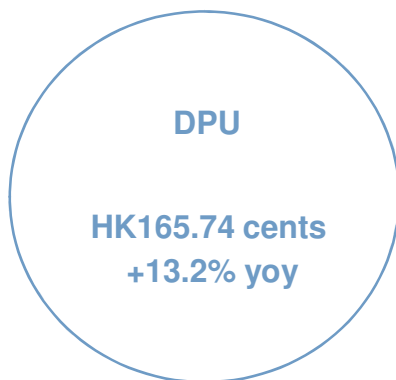
# Link Sustainability with Everything We Do

Annual Results Presentation  
Press Conference  
2013/2014

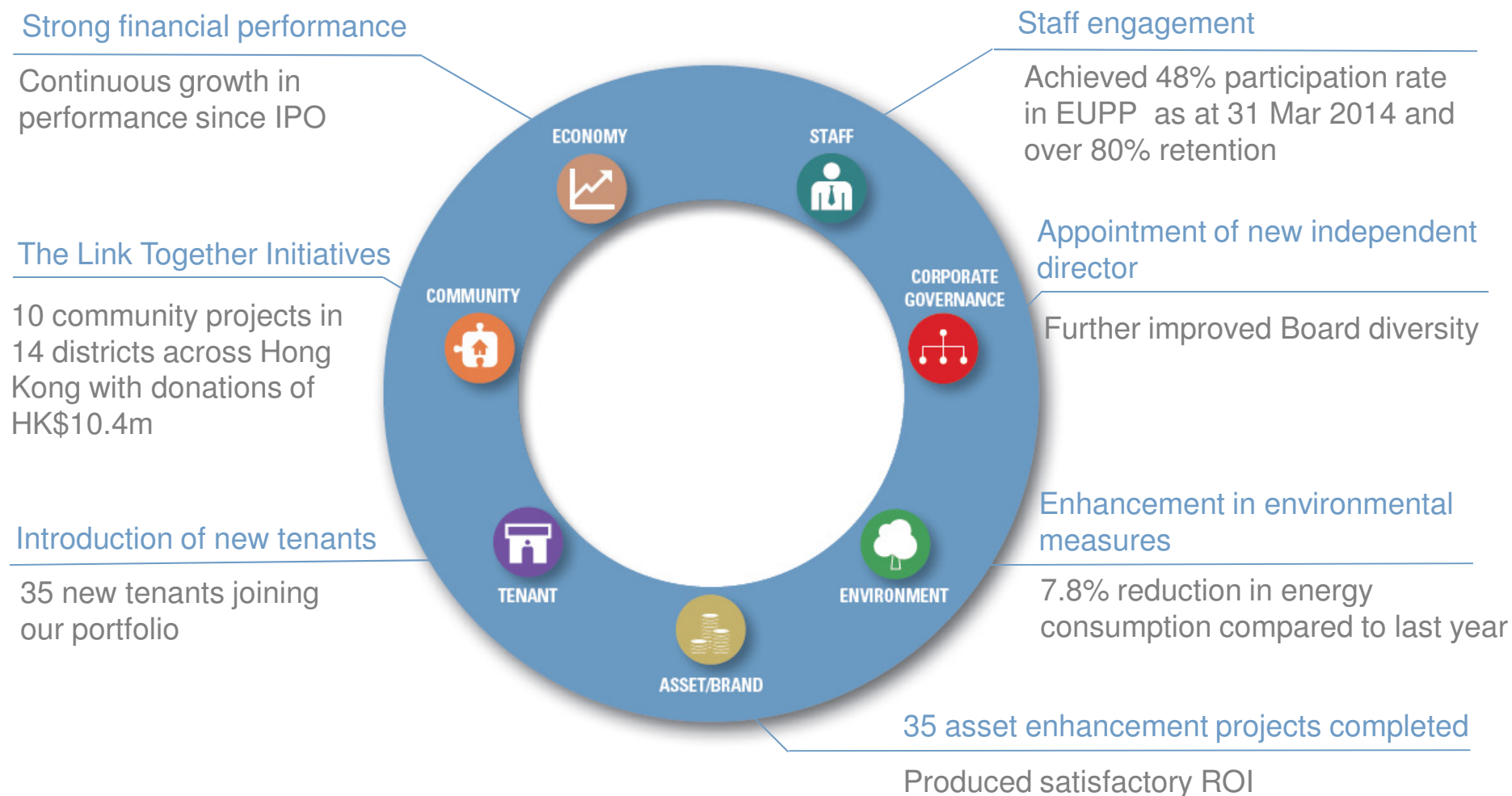
4 June 2014



# Building our Business Model on Sustainability Framework



# Key Achievements towards a Sustainable Business

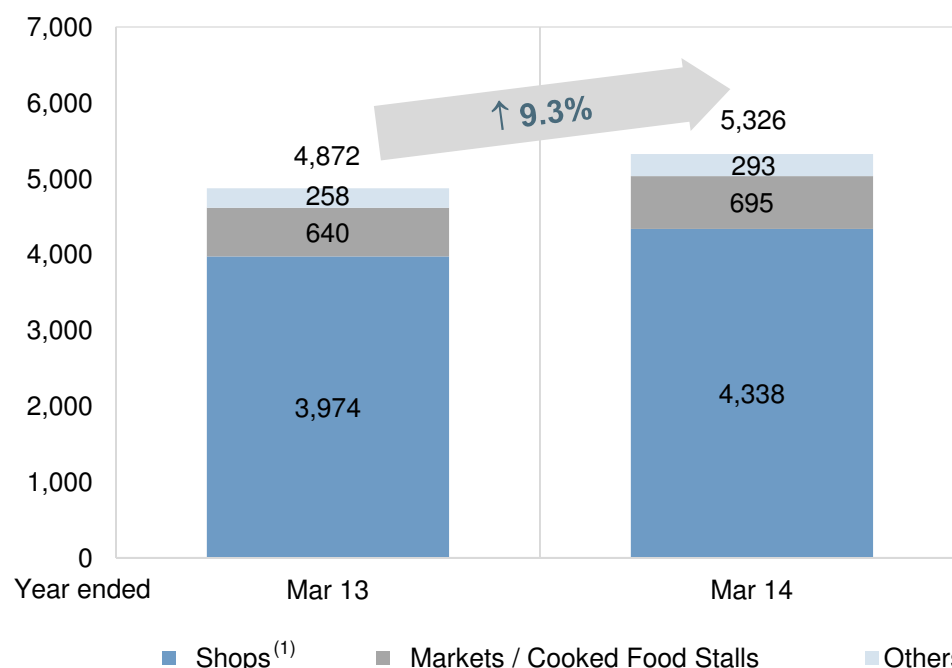


# 2013/2014 Highlights

# Operational Performance – Retail Growth Persisted

## Retail Income Performance

HK\$M



	Year ended 31 Mar 2014	Year ended 31 Mar 2013
Occupancy (%)	94.4	94.1
Average unit rent (\$)	42.1	38.4
NPI margin (%)	73.7	72.3
Reversion rate (%)	25.7	24.6

Notes:

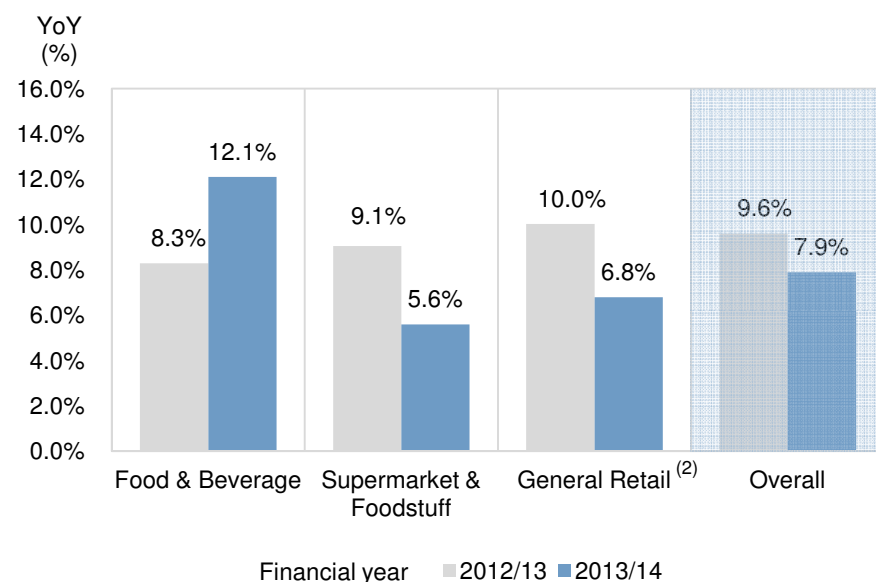
(1) Rental from shops includes base and turnover rent

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

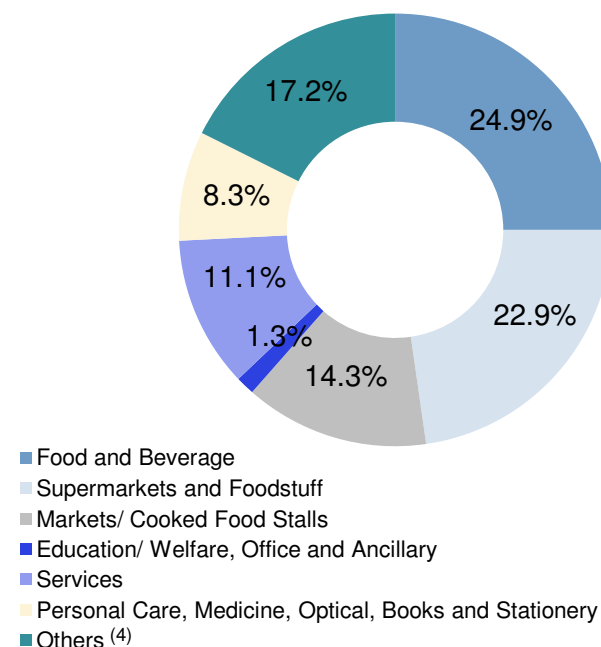
Favourable retail market supporting rental growth

# Operational Performance – Encouraging Tenants’ Performance

## Tenants’ Gross Sales <sup>(1)</sup>



## Retail Trade Mix by Monthly Rent <sup>(3)</sup>



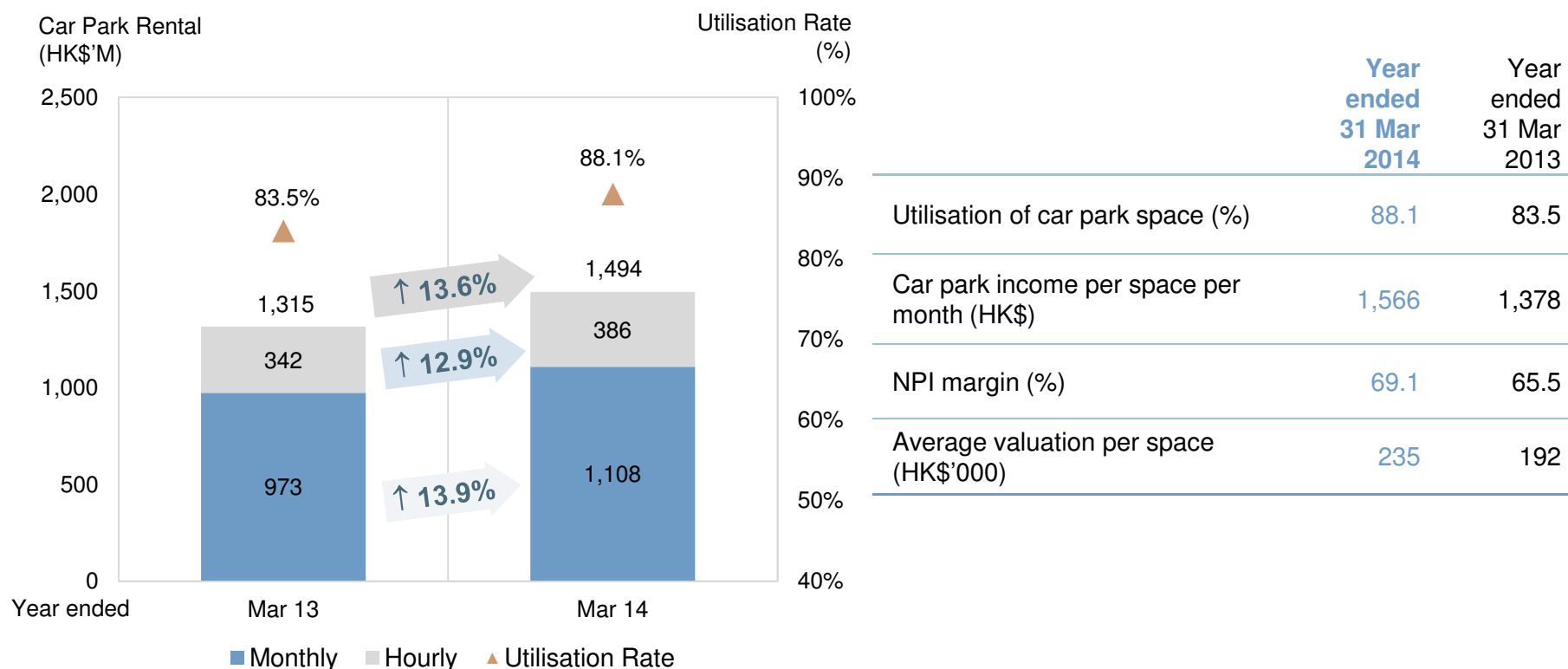
**Notes:**

- (1) Percentage figures represent year-on-year change in tenants average monthly sales per square foot of the respective year
- (2) Including services, personal care, medicine, optical, books and stationery, and items classified under "others" below. See note (4).
- (3) Percentage figures as at 31 March 2014
- (4) Including clothing, department stores, electrical and household products, leisure and entertainment, and valuable goods

**Resilient trade mix with steady tenant sales growth contributed to satisfactory operating performance**

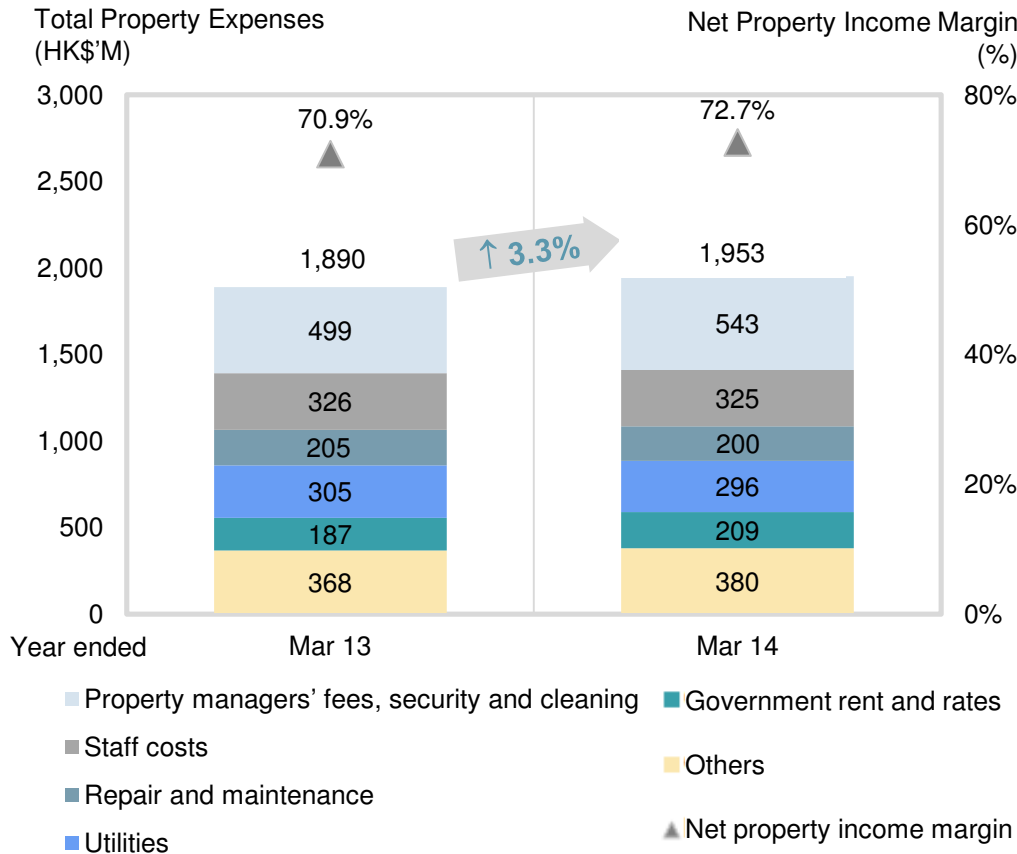
# Operational Performance – Car Park Growth Continued

## Car Park Income Performance



Robust parking space demand led to strong performance

# Property Expenses – Maintain at Sustainable Level



Property managers' fees increased mainly due to the increase in statutory minimum wage in May 2013

Effective energy management measures to mitigate impact from utility tariff hikes

Better planning of works and enhanced property conditions reduced the costs of repair and maintenance

Government rent and rates increased due to a reduction in rates concession and increase in rateable value

Mild property expense increment resulted in margin improvement



# Asset Management – Revenue Drivers



## Selected Newly Joined Tenants



## Selected Existing Tenants Expanding in Our Portfolio



Active asset management to deliver sustainable growth

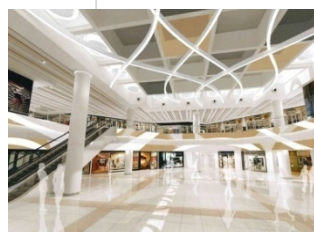
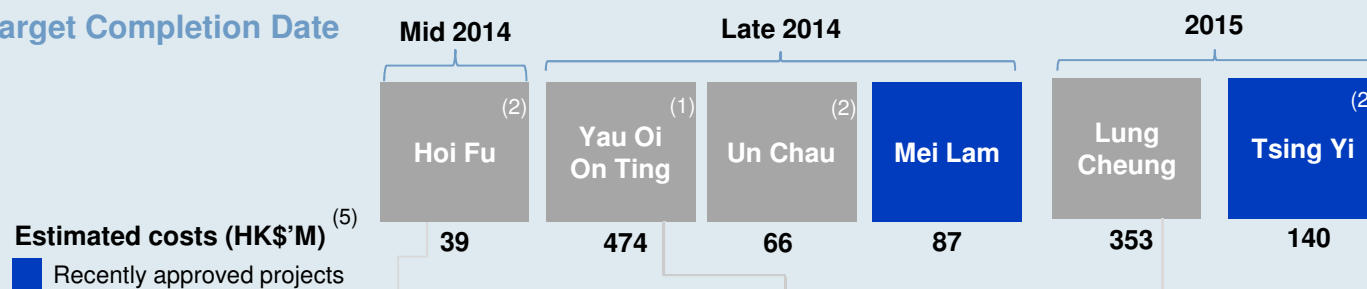
# Asset Enhancement – Projects Completed and Underway

**Completed projects 2013/14**  
**Total CAPEX: HK\$724m**



<b>Chung Fu</b> <sup>(3)</sup> ROI: 16.8% CAPEX: HK\$170M	<b>Sheung Tak</b> <sup>(3)</sup> ROI: 23.6% CAPEX: HK\$87M	<b>Lok Fu Market</b> <sup>(1)(3)</sup> ROI: 17.2% CAPEX: HK\$120M	<b>Choi Wan</b> ROI: 16.7% CAPEX: HK\$222M	<b>Sha Kok</b> <sup>(1)</sup> ROI: 17.0% CAPEX: HK\$125M
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**Projects underway – Target Completion Date**



**Notes:**

- (1) Projects include a fresh market upgrade
- (2) Properties ranked outside of top 50 by valuation
- (3) Property ranked amongst top 10 by valuation
- (4) 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
- (5) Estimated figures as at 31 March 2014

# Asset Enhancement – Continuous Pipeline

## Investment Thesis

- District strategy
- Further upgrade of assets
- Fresh market strategy
- Beyond top 50 properties

## Status of Asset Enhancement Projects

	Completion Date	Target Completion Date					
		2014	2015	2016	2017	2018	2019
	On or before 31 March 2014						
Completed since IPO	35 projects (HK\$3,402m)						
Underway		7 projects (HK\$1,159m) <sup>(1)</sup>					
Pending Statutory Approval			7 projects (HK\$1,362m) <sup>(1)</sup>				
Others Under Planning				>13 projects (>HK\$1,600m) <sup>(1)</sup>			

Note:

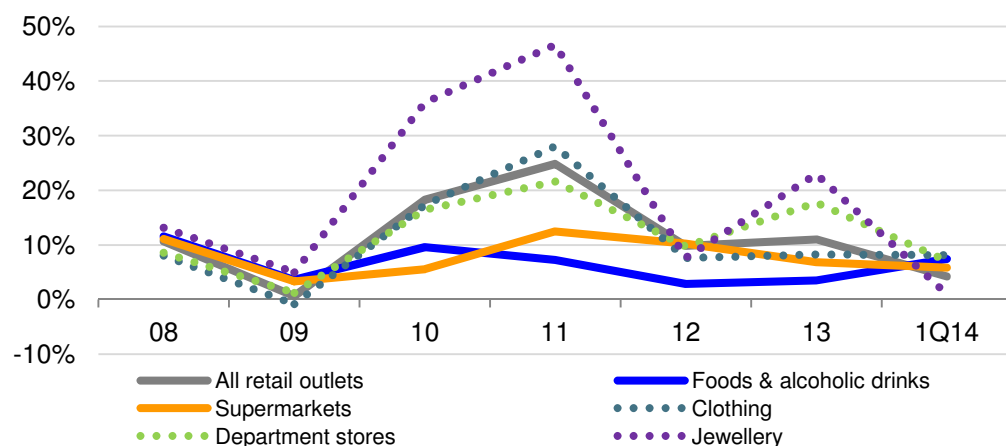
(1) Estimated figures as at 31 March 2014

Continuous asset enhancement pipeline provides better quality properties to support asset management

# Strategy and Outlook

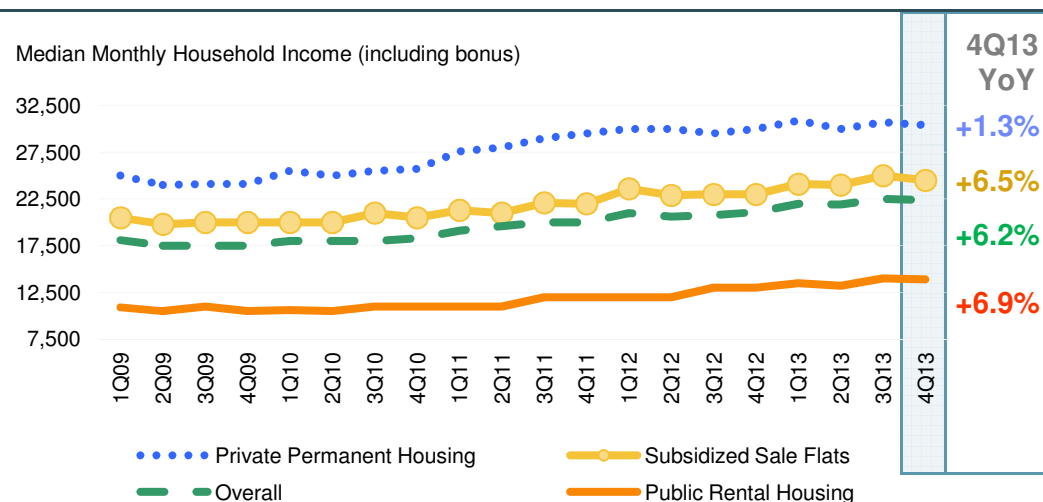
# Hong Kong Retail Sales Market Remains Strong

## YoY Change of Retail Sales Value



- Positive consumer sentiment
- Tourist arrival showing consistent growth
- Sales growth in non-discretionary items remains stable

## Household Income Growth

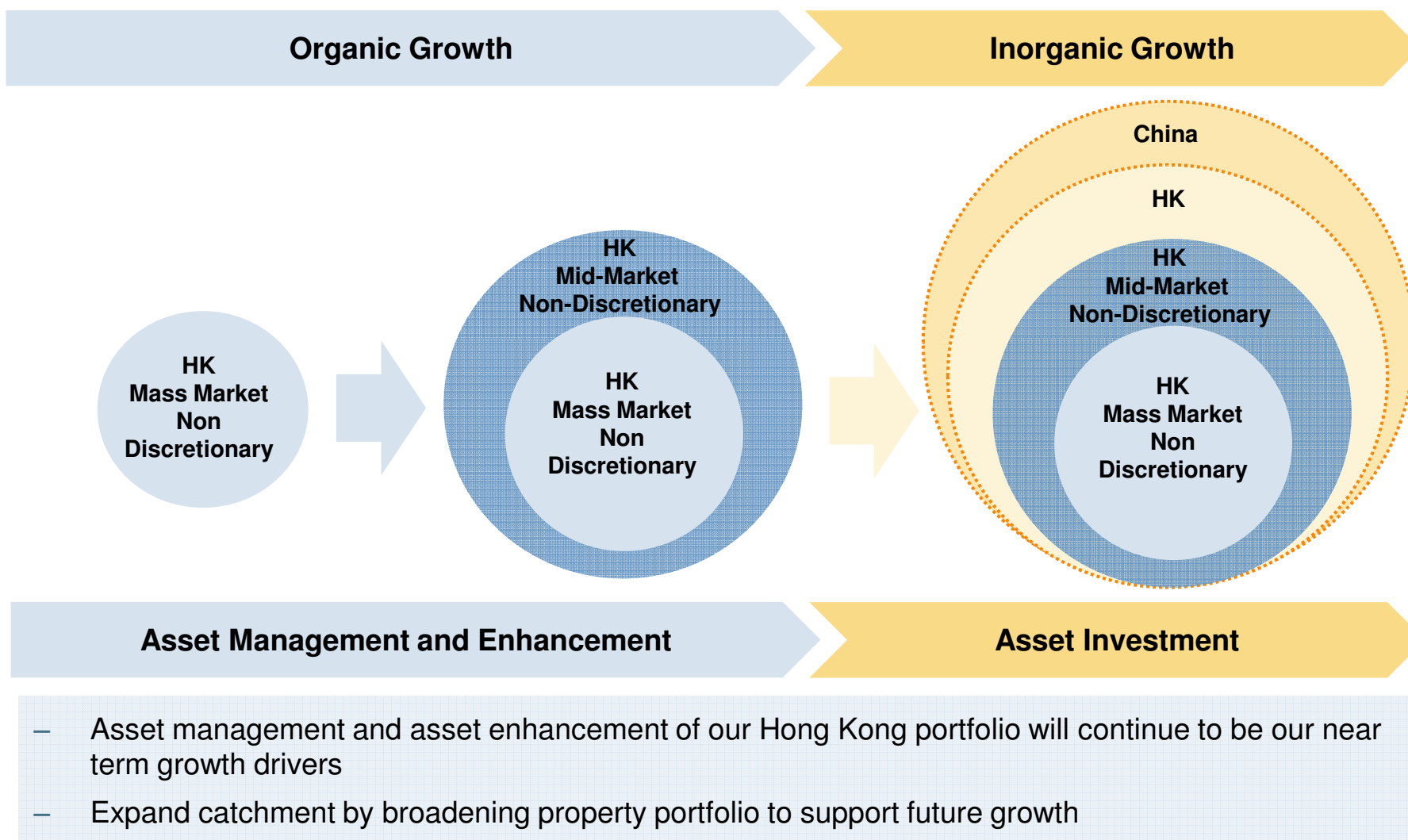


- Steady improvement in household income
- Favourable employment conditions
- Statutory minimum wage supporting domestic consumption

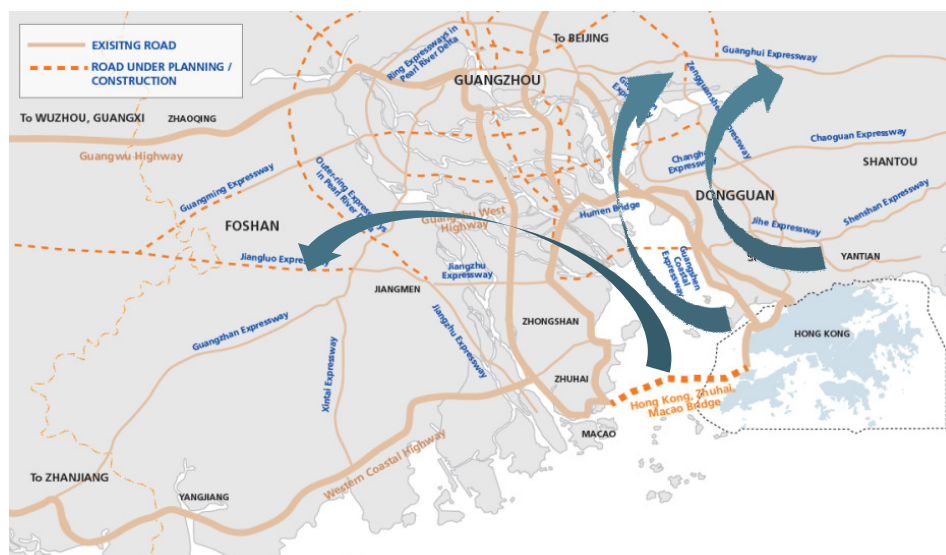
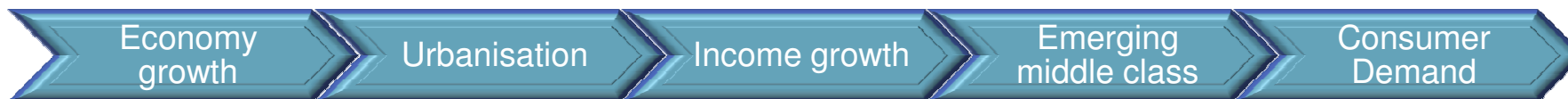
Source: CEIC, Census and Statistics Department

# Maintaining Successful Growth Momentum

## Link to Sustainable Growth



# Opportunities in China



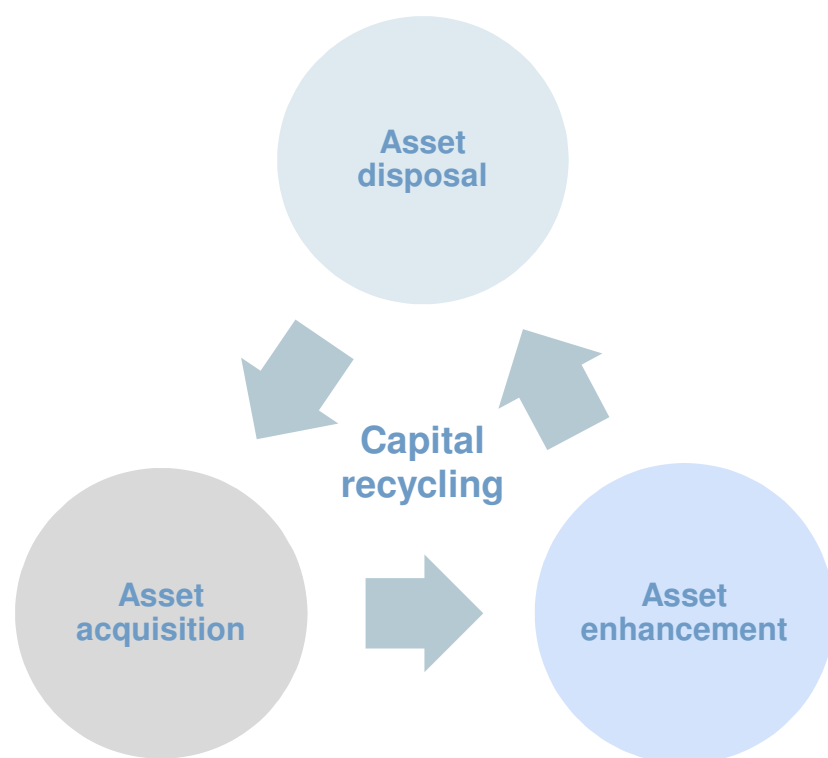
- Improving infrastructure in Pearl River Delta facilitates regional integration
- Benefitted from the fast growing middle class shoppers
- Large tenants from Hong Kong already operating in Guangdong province

## 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

Expanding our portfolio to include China in medium term

## Capital Recycling Through Asset Portfolio Review



- In May 2014, four properties were sold for a total consideration of HK\$1,239.7m, 38.4% premium to aggregate appraised value as at 31 March 2014
- Continue to assess performance of individual properties
- Identify assets in districts with outlying growth potential
- Focus resources on areas with expansion momentum

Asset disposal to recycle capital for further value creation



Hong Kong economic foundation continues to be strong supporting steady retail sales growth

Prudent capital management strategy will minimise impact of any interest rate rise and provide solid base for growth

Explore capital recycling opportunities to create value for our unitholders

Seek further acquisition targets in Hong Kong and cautious asset investment outside of Hong Kong, initially in Pearl River Delta

Near term growth continues to be driven by core portfolio in Hong Kong

## Final Distribution

▪ Distribution period	October 2013 – March 2014
▪ Last day of trading on a “cum” basis	16 June 2014
▪ Ex Distribution date	17 June 2014
▪ Distribution book close	19 June –23 June 2014 (both days inclusive)
▪ Record date for entitlement to cash distribution <sup>(1)</sup>	23 June 2014
▪ Payment of cash distribution <sup>(1)</sup>	3 July 2014

### Note:

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

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