

**2019/2020
Annual Results
News Conference**

June 2020

Unprecedented Challenges

Operating Challenges Immediate Responses

COVID-19 outbreak



Social incidents
in HK

Sino-US tension /
Oil war /
Liquidity crisis

Strengthened
tenant support
scheme

Stepped up
community support

Ensured
staff well-being

Strengthened
liquidity position

- **HK\$300M** to support our tenants in Hong Kong, plus separate programme in Mainland China
- **Other support measures** including lease extension and restructuring and rental concessions etc
- **Relief for school bus operators**, antiseptic kit redemption for shoppers, free fruits for elderly, **enhanced cleaning and disinfection measures**, etc
- **Flexible work arrangements**, shift duty, psychological support and training
- **Sufficient liquidity** and access to capital

Financial Results



Revenue

HK\$10,718M

+5.6% YoY (1)

NPI

HK\$8,220M

+6.3% YoY (1)

DPU

HK\$2.8719

+5.9% YoY (2)

NAV per share

HK\$77.61

-13.3% YoY

Notes:

(1) On a like-for-like basis, excluding any properties acquired, divested and/or newly operational (as applicable) during the years under analysis.

(2) Includes discretionary distribution of HK14.00 cents per unit.

Current Portfolio

Portfolio Value HK\$196B ⁽¹⁾



Retail – 74.6%

125 in HK

4 in Mainland China

Car Park – 16.2%

~ 57,000

Car park spaces in HK

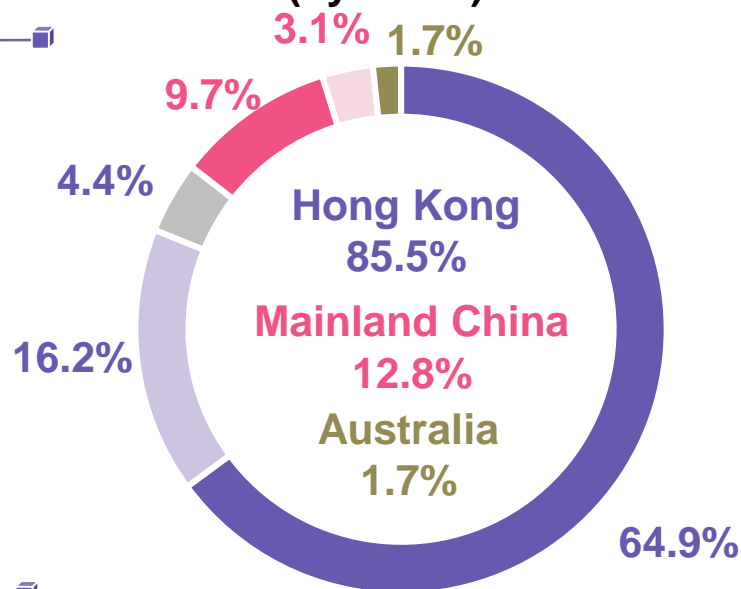
Office – 9.2%

1 in HK

1 in Mainland China

1 in Australia

**Geographical Split ⁽¹⁾
(by value)**



- HK retail
- HK car park
- HK office
- Mainland China retail
- Mainland China office
- Sydney office

Note:

(1) As at 31 March 2020 and including the acquisition of Sydney office which was completed on 7 April 2020 on a pro-forma basis.

Delivering on Vision 2025



Portfolio Growth

96.5%⁽¹⁾

Hong Kong occupancy

97.8%⁽¹⁾

Mainland China occupancy

1

Completed development

1

Acquisition outside Greater China

Culture of Excellence

Group headquarters & regional centres

Set up in Feb 2020 to align management practices

Flexible workplace

Since moving to new headquarter in Jul 2019

LinkEDGE

Mobile learning launched in 3Q2019

Visionary Creativity

750 scholarships

Granted since inauguration in 2015

FMIT⁽²⁾

Launched in 2019 to facilitate repair and maintenance works

TCFD⁽³⁾

Active participation to spearhead climate risk management

Risk management 360

Integrated approach factoring both internal and external inputs

Notes:

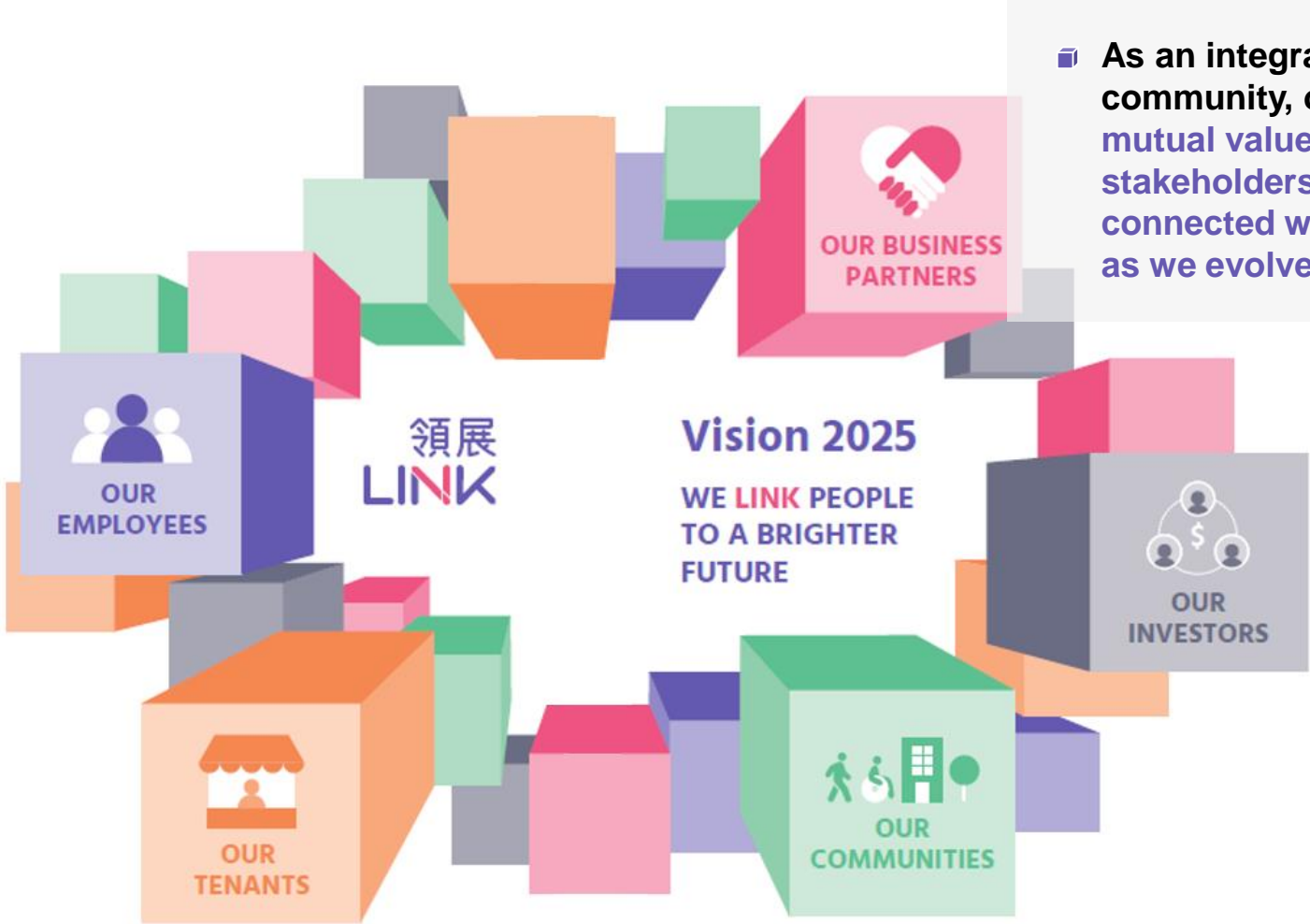
(1) Refers to retail portfolio only

(2) Facilities Management Information Technology

(3) Task Force on Climate-related Financial Disclosures

Business As Mutual

- As an integral part of the community, our job is to find mutual value for the various stakeholders by being agile and connected with the community as we evolve with trends



Results Overview



Hong Kong Portfolio

A Challenging Year



Retail

Revenue growth	7.0% ⁽²⁾
Reversion rate	12.6%
Occupancy	96.5% ⁽³⁾
Average unit rate	HK\$70.3psf ⁽³⁾

Car Park

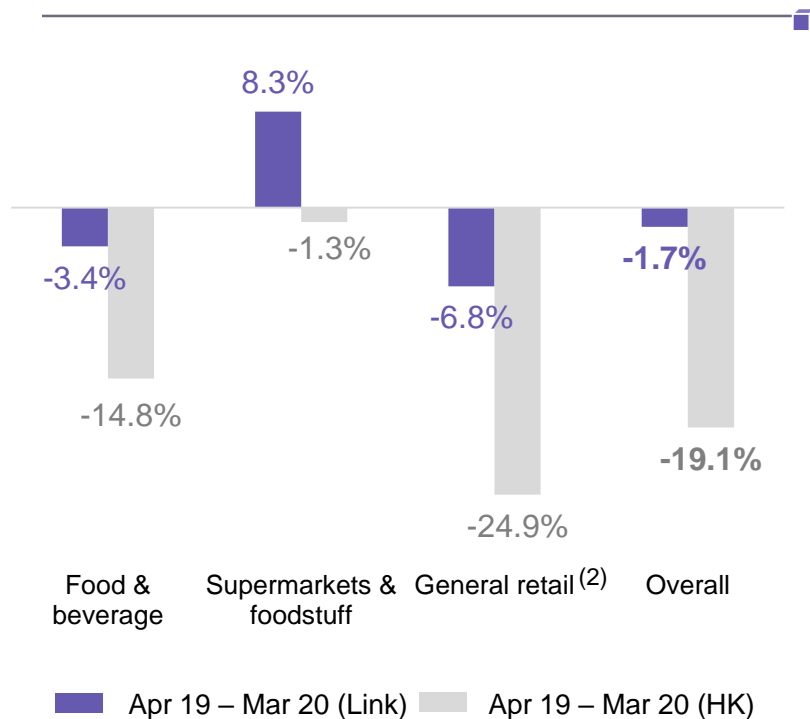
Revenue growth	4.2% ⁽²⁾
Car park income per space per month	HK\$2,827
Average valuation per space	HK\$561K ⁽³⁾

Notes:

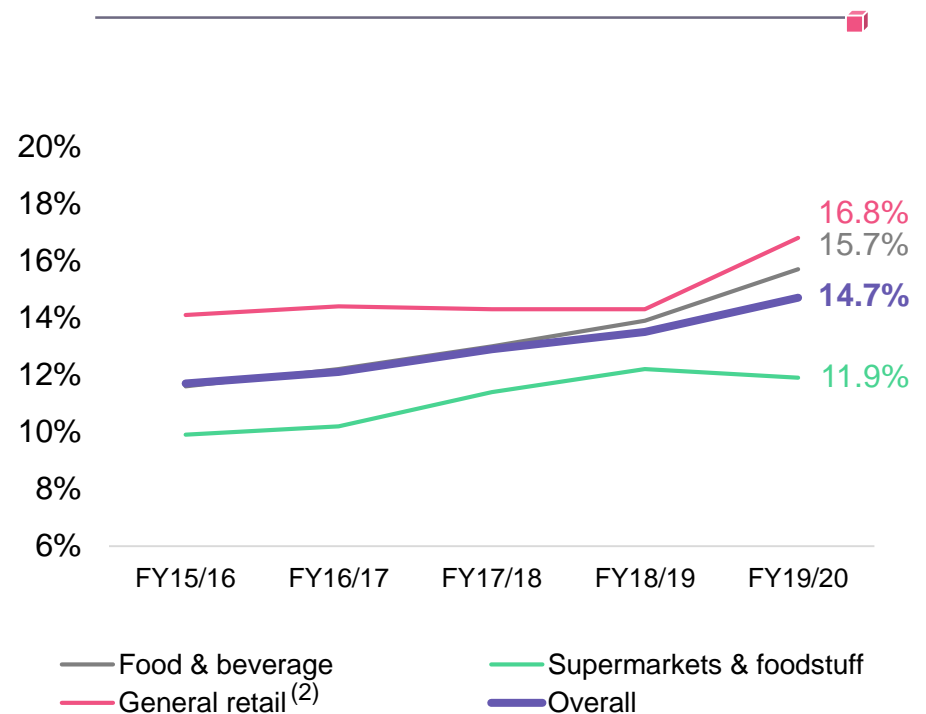
- (1) All figures for the year ended 31 March 2020.
- (2) On a like-for-like basis, excluding any properties acquired, divested and/or newly operational (as applicable) during the years under analysis.
- (3) As at 31 March 2020.

Hong Kong Portfolio Versus Overall Hong Kong Retail Market

Tenant Sales Growth (1)



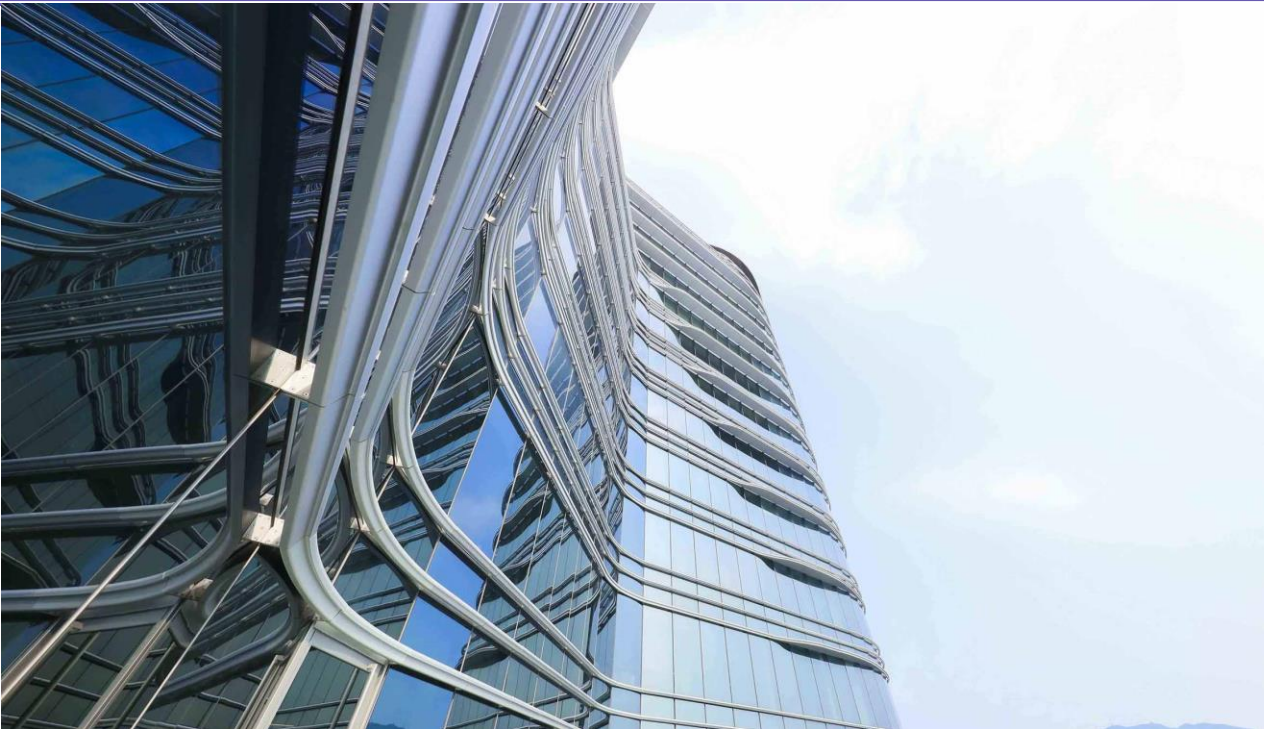
Occupancy Cost (3)



Notes:

- (1) Percentage figures represent year-on-year change in tenants' average monthly sales per square foot of the respective years.
- (2) Including clothing, department store, electrical and household products, personal care/medicine, optical, books and stationery, newspaper, valuable goods, services, leisure and entertainment, and retail others.
- (3) A ratio of base rent plus management fee to tenants' gross sales.

Hong Kong Portfolio Update on The Quayside



~80%
Office
Occupancy ⁽¹⁾

- ✓ **Three new tenants**, Manulife, a local finance firm and Adidas, have committed **over 2 floors**

~72%
Retail
Occupancy ⁽¹⁾

- ✓ **15 F&B and takeaway outlets** to serve surrounding catchment

Note:
(1) Committed as of date of the announcement.

Mainland China Portfolio

Stable Performance



Retail

97.8%

Retail
Occupancy ⁽¹⁾

29.6%

Retail
Reversion ⁽²⁾

- ✓ Full year results remained intact despite business disruption in February 2020
- ✓ **Gradual recovery** since April with only about 60% of previous years footfall

Office

97.4%

Office
Occupancy ⁽¹⁾

7.1%

Office
Reversion ⁽²⁾

- ✓ Tenants have gradually **resumed normal operations** since March 2020

Notes:

(1) As at 31 March 2020.

(2) For the year ended 31 March 2020.

(3) Marketing event held in 2019 before social distancing rules.



Asset Enhancement Completed 7 Projects in 2019/2020

Projects completed in 2H 2019/2020
ROIs were impacted by softened sentiment

2H 2019/2020	CAPEX	ROI
Tsz Wan Shan	157M	10.2%
TKO Spot ⁽²⁾	183M	12.0%
Fung Tak ⁽²⁾	60M	15.8%
Hin Keng Market ⁽²⁾	76M	15.6%
Yiu On	35M	6.1%
1H 2019/2020	278M	
Total	789M	

4 Underway

CAPEX HK\$411M
to be completed
by early 2021

>19 Under Planning

CAPEX >HK\$1,300M
extending to 2025/2026



Notes:

- (1) Estimated return on investment ("ROI") is calculated based on projected annualised net property income post-project minus net property income pre-project divided by estimated project capital expenditures and loss of rental.
- (2) Enhancement included fresh market.

Asset Enhancement Planning to Revamp CentralWalk in Shenzhen

Goal	Strengthen its appeal as the “go-to” destination for Shenzhen shoppers
Timing	Expect to commence in Q3 2020
CAPEX	~RMB400M
Duration	~12 months in five phases
Scope	Shop repartitioning, interior renovation, façade facelift and revamp of outdoor areas
Tenant Mix	<ul style="list-style-type: none">✓ Target office workers, family with kids and young shoppers✓ Introduce 15 new retail shops and increase F&B outlets by ~7%



Note:
(1) Concept renderings only.

100 Market Street First Outside Greater China

A\$683M

Acquisition
Price

Apr 20

Transaction
Completed

100%

Office
Occupancy ⁽¹⁾

- ✓ Acquisition completed on 7 April 2020 with **100% A\$ financing secured**
- ✓ **Fully let** to three high quality tenants with **WALE of over 8 years** and **annual rental escalation of ~4%**



Note:
(1) As at 31 March 2020.

Capital Management

Sound Capital Position

Gearing Ratio

16.7%

Average Debt Maturity

4.0 years

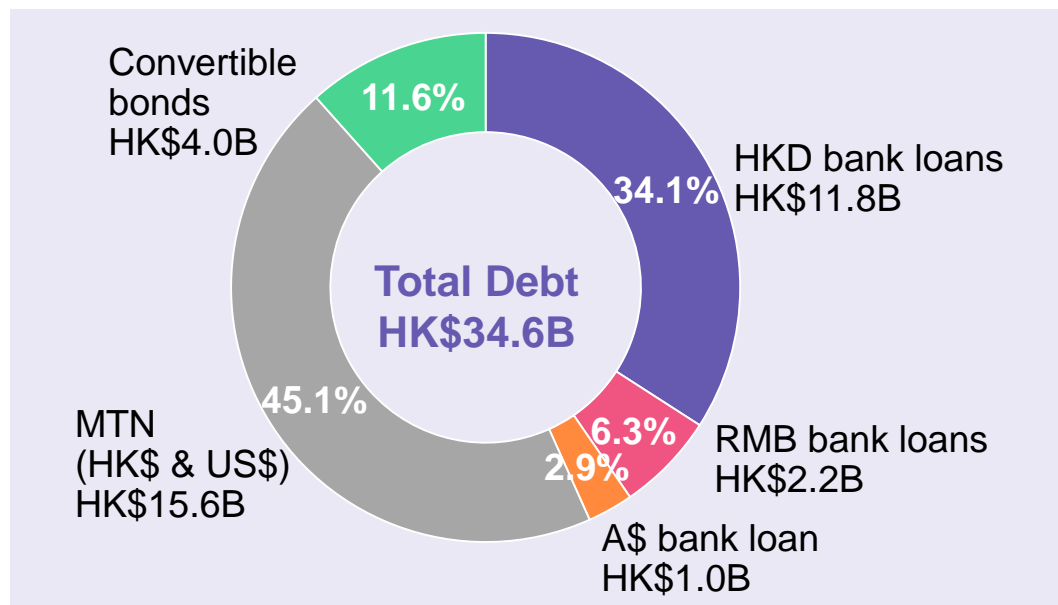
Effective Interest Rate ⁽¹⁾

2.94%

Fixed Rate Debt / Total Debt ⁽¹⁾

56.5%

Diversified Funding Sources with Strong Credit Ratings



Credit Ratings

S&P

A/Stable

Moody's

A2/Stable

Fitch

A/Stable

Note:

(1) All figures refer to HKD debt portfolio.

March 2020 Valuation Review

Reflecting Dampened Economic Environment

	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 ⁽³⁾	28,793		
Total valuation	194,478	218,496		
Valuation of investment properties	193,224 ⁽⁴⁾	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 decrease in valuation of HK\$3,476 million was 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.
- (4) 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.



Outlook and Challenges



Market Trends and Behavioral Changes

What will be the “New Normal”?

Property Market

Money invested in direct real estate investment in 1Q 2020

-26% yoy

Asia Pacific

-62% yoy

Mainland China

-74% yoy

Hong Kong

-68% yoy

Singapore



Source: JLL

Shopper Preference

+38.9%

(2023 vs 2020)

Estimated revenue generated by e-commerce in Hong Kong



Source: Worldpay Global Payments Report 2020

Health and Safety



~2.6 billion

Globally under a certain degree of lockdown or quarantine

Source: World Economic Forum

Credit Outlook

US 10-year Treasury note yield



0.67%
31 March 2020



Source: Bloomberg

Digitalisation



>300 million

Zoom's daily meeting participants

>75 million

Microsoft Team's daily users

Up 3 times

Windows Virtual Desktop usage

Source: Zoom/ Microsoft website

Business as Mutual

Headwinds & Trends



Property Market



Credit Outlook



Digitalisation



Shopper Preference



Health & Safety

Vision 2025



Portfolio Growth



Culture of Excellence



Visionary Creativity

Creating Shared Values



Financial



Tenant



Relationship



Placemaking



Innovation



Environmental

Vision 2025

Portfolio Growth



Asset Management

- ✓ Consider support measures for tenants and community
- ✓ Extracting more potential from organic portfolio with new tenants and AE
- ✓ Review trade mix in consideration of the new shopper behaviour



Portfolio Management

- ✓ Continue to look for opportunities in Hong Kong, Mainland China and overseas
- ✓ Remain prudent in capturing displacement opportunities



Capital Management

- ✓ Maintain agility as we face an increasingly uncertain market
- ✓ Shore up cash reserves

Recent New Tenant Acquisitions



Marketing Events to Drive Sales



Over 120 new let from January to May 2020 in Hong Kong

Vision 2025

Culture of Excellence and Visionary Creativity

Culture of Excellence



Talent Management

- ✓ Board to provide guidance for Link's long-term strategy
- ✓ Strengthen Mainland China platform
- ✓ Align management across regions
- ✓ Linkers' Panel to collect employees' feedback

Visionary Creativity



Innovation & Sustainability

- ✓ Facility Management Information Technology to improve operational efficiency
- ✓ Rooftop solar panel installation to generate environmental and commercial benefits
- ✓ Link Together Initiatives for active community engagement



Updates and Outlook

Asset Management

Asset Management

Tenant Sales

- April sales were impacted by social distancing measures except supermarket which maintained its resilience

Tenant Support

- Offered rental concessions to around 1/3 of our HK portfolio with most of them are SMEs, in particular education centres
- More concessions are still under consideration
- Overall \$300M budgeted under the support scheme should be sufficient at this stage

Forward Guidance

- Expect slower lease negotiations with more cases of negative reversions
- Focus to maintain a steady occupancy level
- Expect 2020/2021 HK retail rent to remain stable, and Mainland China retail rent to maintain positive reversion, barring any drastic changes

Updates and Outlook

Portfolio and Capital Management

Portfolio Management

- Continue to explore prudent growth opportunities in selected markets including Hong Kong, Mainland China and overseas
- Seek to unlock the best assets during market displacement

Capital Management

- Maintain strong balance sheet to weather both downside and upside
- Resume distribution reinvestment plan to preserve capital
- Remain committed to discretionary distribution of HK14 cents per unit per annum up to 2021/22
- Will consider further buyback under the right market conditions

Distribution Calendar

Distribution period	October 2019 – March 2020
Last day of trading on a “cum” basis	11 June 2020
Ex-distribution date	12 June 2020
Distribution book close	16 June – 18 June 2020 (both days inclusive)
Record date for entitlement to distribution	18 June 2020
Five trading days to determine unit price for scrip in lieu of final cash distribution	30 June – 7 July 2020 (both days inclusive)
Final date for scrip election	15 July 2020 (no later than 4:30 pm)
Payment of distribution	30 July 2020

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Q&A



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