領展
LINK

Link Real Estate Investment Trust

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

(stock code: 823)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023, RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND CHANGES TO THE COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE

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 of Link (the ***Unitholders***) the audited consolidated final results of Link and its subsidiaries (the ***Group***) for the year ended 31 March 2023.

The final results and the consolidated financial statements of the Group for the year ended 31 March 2023, after review by the audit and risk management committee of the Manager (the ***Audit and Risk Management Committee***), were approved by the Board on 31 May 2023.

OVERALL FINANCIAL RESULTS

Revenue and net property income increased 5.4% and 4.8% year-on-year to HK$12,234 million (2022: HK$11,602 million) and HK$9,198 million (2022: HK$8,776 million), respectively, mainly due to better performance in Hong Kong and a reduction in the level of rental concessions granted to tenants, offset by weaker performance in Mainland China under COVID restrictions.

Finance costs increased 74.5% to HK$1,754 million (2022: HK$1,005 million), attributable to the sharp increases in interest rates since March 2022 and a higher debt balance in support of new acquisitions. Notwithstanding, the total distributable amount, excluding the discretionary distribution paid in 1H 2021/2022, edged up 0.6% to HK$6,311 million in 2022/2023 (2022: HK$6,273 million).

Valuation of the investment property portfolio increased to HK$237,469 million (31 March 2022: HK$212,761 million), mainly due to HK$17,791 million of asset acquisitions and fair value gains of HK$9,367 million, partly offset by HK$3,131 million of foreign currency depreciation. After the completion of our HK$18.8 billion one-for-five rights issue (the ***Rights Issue***) in March 2023, our net assets attributable to the Unitholders strengthened 16.1% to HK$188.9 billion (31 March 2022: HK$162.7 billion).

Following the completion of the Rights Issue by the end of March, Link's units in issue increased by 20%. Accordingly, the distribution per unit (***DPU***) for the year reduced 10.3% to HK274.31 cents (2022: HK305.67 cents), comprising an interim DPU of HK155.51 cents (2022: HK159.59 cents) and a final DPU of HK118.80 cents (2022: HK146.08 cents). Net asset value per unit also decreased by 4.0% to HK$73.98 (31 March 2022: HK$77.10). Excluding the discretionary distribution of HK7 cents in 2021/2022 and the dilutive impact of our Rights Issue, like-for-like DPU for the year was largely maintained.

MANAGEMENT DISCUSSION AND ANALYSIS

2022/2023 Highlights

- Net property income increased 4.8% year-on-year.

- Earnings and valuation continued to deliver steady growth, thanks to our effective diversification strategy which has underpinned our resilience across market cycles.

- Strengthened financial position via the Rights Issue completed in March 2023, reducing the net gearing ratio to 17.8% and with no refinancing needs in the next 12 months.

- Entry into the Singapore real estate market with a platform that provides the potential to support our aspiration of strategic growth with third-party capital partners.

Operational Highlights – China

Hong Kong Portfolio

We own and manage a high-quality portfolio with 130 community commercial assets, including non-discretionary retail assets, fresh markets, car parks and an office asset in Hong Kong, together with 57,000 car park spaces attached/adjacent to public residential estates with direct connectivity to major public transportation hubs.

These community commercial assets offer daily necessities and essential services to shoppers, while parking services are made available to residents of the surrounding estates and the general public. These assets are an integral part of Hong Kong's consumption infrastructure which provides us with resilient revenue streams throughout economic cycles. The Quayside, a joint-venture office building in Kowloon East of which we own 60%, and two car park/car service centres and godown buildings in Hung Hom and Chai Wan, provide us with additional growth avenues.

At the beginning of the financial year, the Hong Kong retail market was still vulnerable as it dealt with the aftermath of the most severe wave of the COVID pandemic locally. Social distancing and travel restrictions were relaxed progressively and in an orderly manner throughout the year and by the start of 2023, Hong Kong had fully resumed cross-border travel with Mainland China. The lifting of anti-pandemic measures in the first quarter of 2023, marked a gradual return to normalcy, with retail sales returning to a growth trajectory. However, the deteriorating external economic environment and tightened financial conditions have weighed on the pace of Hong Kong's recovery. As a result, the retail market has yet to see a rebound; the retail sales in the first quarter of 2023 were still ~18% lower than the pre-pandemic level.

Amidst this backdrop, our Hong Kong portfolio continued to demonstrate resilience, underpinned by our record high occupancy and robust rental reversion. Revenue and net property income grew 5.9% and 6.8% year-on-year. The overall rental collection rate remained high at 99% during the financial year.

Retail

- Portfolio occupancy reached a historical high at 98.0% at the end of the financial year, thanks to our well-positioned and high-quality community commercial assets, as well as our strong asset management capabilities.

- Although market conditions remained soft throughout most of the financial year, our overall tenant gross sales largely recovered, surpassing 2019 pre-COVID levels. Overall tenant gross sales per square foot (***psf***) reported a solid 6.2% year-on-year growth. During the year, our tenants benefitted from the improved consumer sentiment with the further relaxation of social distancing measures. Our overall rent-to-sales ratio edged down to 12.5% as tenant sales continued to trend upwards. The overall average reversion rate of our Hong Kong retail assets maintained its growth momentum, increasing to 7.1%.

- Albeit there has not been a significant rebound in the retail market, Hong Kong's retail sales figures have gradually picked up, with leasing sentiment showing moderate improvements. Enticed by the strong and predictable footfall, easy accessibility and the strong connectivity of our community commercial assets, chain retailers migrated from prime shopping areas to our assets. Link signed over 670 new leases in Hong Kong, while average unit rent rose to HK$63.8 psf.

- To revitalise and improve our assets in response to new industry trends and changes in shoppers' preferences, we have completed multiple asset enhancement initiatives during the year. In addition to the asset enhancement projects in Lok Fu Market, Tai Yuen Market and Tak Tin Market which were completed in 1H 2022/2023, we also completed the Fung Tak asset enhancement in 2H 2022/2023. Capital expenditure of HK$35 million, HK$27 million, HK$74 million and HK$23 million was deployed for Lok Fu Market, Tai Yuen Market, Tak Tin Market and Fung Tak, with estimated return on investments of 23.7%, 21.8%, 9.3% and 14.0%, respectively.

- We are currently executing asset enhancement initiatives in Tung Tau Market, Kai Tin, Butterfly and Sau Mau Ping during the year. Planned capital expenditure for each project amounts to HK$26 million, HK$139 million, HK$26 million and HK$50 million, respectively. Target completion dates range from mid-2023 to early-2024. Furthermore, we have earmarked over HK$640 million of capital expenditure for projects under planning and statutory approval.

- Hong Kong's economic recovery appears to be back on track following the end of anti-pandemic measures. As the market exhibited modest signs of recovery, retail consumption, consumer confidence and leasing demand have slowly but gradually gained momentum. The Consumption Voucher Scheme 2023 with a value of HK$5,000 by the Government, coupled with the rise in minimum wage effective in May 2023, are expected to provide impetus for local consumption and therefore our tenant sales growth. Acknowledging the possible implications of increasing interest rates, we maintain a positive long-term outlook for Hong Kong's retail sector, in particular non-discretionary retail.

Revenue Breakdown

	Year ended 31 March 2023 *HK$'M*	Year ended 31 March 2022 *HK$'M*	Year-on-year change %
Retail rental:			
Shops[1]	**4,965**	4,919	0.9
Markets/Cooked Food Stalls	**1,025**	977	4.9
Education/Welfare and Ancillary	**146**	141	3.5
Mall Merchandising	**184**	186	(1.1)
Expenses recovery and other miscellaneous revenue[2]	**1,021**	866	17.9
Total retail revenue	**7,341**	7,089	3.6

Notes:

(1) Rental from shops included base rent of HK$4,861 million (2022: HK$4,830 million) and turnover rent of HK$104 million (2022: HK$89 million).

(2) Other miscellaneous revenue includes management fees, air conditioning service fees, promotion levies and miscellaneous revenue.

Operational Statistics

	Occupancy rate		**Reversion rate**		**% of total area[1]**
	As at 31 March 2023 %	As at 31 March 2022 %	**Year ended 31 March 2023 %**	Year ended 31 March 2022 %	**As at 31 March 2023 %**
Shops	**98.3**	98.1	**5.7**	2.9	**83.8**
Markets/Cooked Food Stalls	**96.1**	95.2	**15.1**	19.0	**9.4**
Education/Welfare and Ancillary	**97.1**	97.0	**1.2**	6.7	**6.8**
Total	**98.0**	97.7	**7.1**	4.8	**100.0**

Note:

(1) Total excluding self-use office.

Tenant Retail Gross Sales Growth and Rent-to-sales Ratio

(Year ended 31 March 2023)

Trade	Tenant retail gross sales growth psf %	Rent-to-sales ratio[1] %
Food and Beverage (***F&B***)	10.5	13.2
Supermarket and Foodstuff	(1.3)	11.3
General Retail[2]	9.6	13.0
Overall	**6.2**	**12.5**

Notes:

[1] A ratio of base rent (excluding management fees) to tenant retail gross sales psf.

[2] Including clothing and accessories, department stores, electrical and household products, personal care/medicine, optical, books and stationery, newspapers, valuable goods, services, leisure and entertainment, and other retail.

Portfolio Breakdown

	No. of properties	Retail property valuation[2]	Retail rentals	Average monthly unit rent[1]		Occupancy rate	
Properties	**As at 31 March 2023**	**As at 31 March 2023** ***HK$'M***	**Year ended 31 March 2023** ***HK$'M***	**As at 31 March 2023** ***HK$ psf***	As at 31 March 2022 *HK$ psf*	**As at 31 March 2023** *%*	As at 31 March 2022 *%*
Destination	**6**	**27,303**	**1,236**	**78.1**	76.5	**97.2**	97.7
Community	**35**	**71,118**	**3,577**	**71.0**	69.7	**98.4**	98.2
Neighbourhood	**57**	**30,670**	**1,507**	**46.1**	45.5	**97.8**	97.1
Total	**98**	**129,091**	**6,320**	**63.8**	62.7	**98.0**	97.7

Notes:

[1] Average monthly unit rent represents the average base rent (excluding management fees) per month psf of leased area.

[2] Excluding a parcel of commercial-use land off Anderson Road, Kwun Tong of HK$728 million.

Trade Mix

(As at 31 March 2023)

Trade	By monthly rent[1] %	By leased area %
Food and Beverage	27.6	29.5
Supermarket and Foodstuff	22.5	17.5
Markets/Cooked Food Stalls	17.4	9.2
Services	10.4	10.6
Personal Care/Medicine	5.3	3.9
Education/Welfare and Ancillary	1.0	6.8
Valuable Goods (Jewellery, watches and clocks)	0.7	0.4
Others[2]	15.1	22.1
Total	**100.0**	**100.0**

Notes:

(1) Refers to base rent (excluding management fees).

(2) Others include clothing and accessories, department stores, electrical and household products, optical, books and stationery, newspapers, leisure and entertainment.

Lease Expiry Profile

(As at 31 March 2023)

	% of total area %	% of monthly rent[1] %
2023/2024	30.0	31.9
2024/2025	32.4	31.0
2025/2026 and Beyond	30.8	31.4
Short-term Lease and Vacancy	6.8	5.7
Total	**100.0**	**100.0**

Note:

(1) Refers to base rent (excluding management fees).

Property Development

- On 31 August 2022, we announced the acquisition of a parcel of non-office, commercial-use land off Anderson Road, Kwun Tong for a land premium of HK$766 million. Leveraging our core strengths of non-discretionary retail, we intend to develop this land into a community commercial asset equipped with a fresh market and car parks to serve the growing catchment. The total development cost (including land premium) is expected to be approximately HK$1.6 billion.

- Upon completion in 2027, this community commercial asset, which is located in the Sau Mau Ping area, will provide connectivity to the neighbouring populous housing estates and sustainable organic growth potential. This strategic location will enable us to create synergies with our multiple assets in the locale and will sharpen our competitive edge through trade and tenant mix optimisation.

Car Parks and Related Business

- Revenue from car parks and related business rose 12.3% year-on-year, owing to ongoing improvements in monthly and hourly car park income and the full-year contribution from our two new car park/car service centres and godown buildings in Hung Hom and Chai Wan. These two assets offer new recurrent earning streams with long-term leases and built-in annual rental escalations.

- Our car park business delivered sound performance as both monthly and hourly ticket sales rose steadily amidst the easing of social distancing measures. Moreover, both monthly and hourly car park rental income exceeded their 2019 pre-COVID levels. Monthly car park rental income grew 4.6%, mainly attributable to the mid-single-digit monthly car park tariff increment effective in August 2022. Hourly car park rental income increased 7.1% year-on-year, due to a mid-single-digit increase in car park tariffs and the higher sales number for hourly tickets.

- Car park income per space per month saw promising growth, rising by 5.3% year-on-year to HK$3,226.

- As at 31 March 2023, average car park valuation per space was approximately HK$725,000, a 19.4% year-on-year increase.

Revenue Breakdown

	Year ended 31 March 2023 *HK$'M*	Year ended 31 March 2022 *HK$'M*	Year-on-year change %
Rental income:			
Monthly car parks	**1,587**	1,517	4.6
Hourly car parks	**601**	561	7.1
Car parks related business[1]	**207**	52	298.1
Expense recovery and other miscellaneous revenue	**6**	8	(25.0)
Total car parks and related business revenue	**2,401**	2,138	12.3

Note:

[1] Refers to contributions from two car park/car service centres and godown buildings in Hung Hom and Chai Wan.

Office

- The occupancy rate of The Quayside, our joint-venture office building, remained high at 98.2% as at the end of the financial year, notwithstanding weakened demand for offices.

- The ongoing "flight-to-quality" trend in the office sector has benefited assets with best-in-class building specifications, with sustainability being an increasingly important factor in major corporates' decisions to rent. This continued trend bodes well for The Quayside, which is located in the heart of Kowloon East, the up-and-coming new business hub in Hong Kong, featuring leading building standards and possessing internationally recognised sustainability certifications including LEED Platinum, BEAM-Plus Platinum and WELL Gold.

Property Operating Expenses

- Our effective and stringent cost control curbed the total property operating expenses, with top-line growth outpacing our incremental expenses. Total property operating expenses increased 3.2% year-on-year. This increment mainly due to higher utility expenses and promotion and marketing expenses. Our net property income margin expanded to 76.9% (2022: 76.3%).

- Staff costs decreased by 5.2% due to the adjustment on long-term incentive scheme provision as a result of a lower unit price compared to the prior year-end.

- Hong Kong's two power suppliers raised tariffs considerably during the year; we have stepped up our efforts in implementing energy efficiency measures and adopted a wide range of energy-saving initiatives across the portfolio. The increase in utility expenses was 8.8% year-on-year.

- As retail markets continue to recover from the aftermath of COVID, we bolstered efforts to boost overall sales and drive footfall, organising an array of innovative marketing campaigns. This increased promotion and marketing expenses by 12.1% year-on-year.

Property Operating Expenses Breakdown

	Year ended 31 March 2023 *HK$'M*	Year ended 31 March 2022 *HK$'M*	Year-on-year change %
Property managers' fees, security and cleaning	**611**	599	2.0
Staff costs	**436**	460	(5.2)
Repair and maintenance	**218**	212	2.8
Utilities	**285**	262	8.8
Government rent and rates	**281**	279	0.7
Promotion and marketing expenses	**195**	174	12.1
Estate common area costs	**98**	102	(3.9)
Provision for impairment of trade receivables	**16**	–	N/A
Other property operating expenses	**181**	160	13.1
Total property operating expenses	**2,321**	2,248	3.2

Mainland China Portfolio

Our Mainland China portfolio comprises retail assets, an office asset and logistics assets in tier-one cities and the surrounding river delta areas. The operating environment for Mainland China retail remained challenging for a large part of the financial year due to the prolonged lockdowns in various cities and provinces and the resultant slowdown in economic activities. Towards the end of 2022, Government in Mainland China announced the end of anti-pandemic measures. Following the reopening, business sentiment and leasing demand accelerated as the market steadily reverted to normalcy. Mainland China's retail market showed a rebound after the Chinese New Year.

The pandemic-driven turbulence exerted pressure on the total revenue of the Mainland China portfolio, which declined 5.9% year-on-year. Net property income fell by 9.8%, mainly due to the decrease in revenue triggered by the deteriorating pandemic situation throughout most of the year, partly offset by new contributions from logistics assets. In line with our business as mutual mindset, Link provided a total of RMB48 million in rental concessions and property management fee waivers to tenants heavily impacted by the pandemic. Despite the challenging market conditions, our overall rental collection rate maintained a healthy level of 97% during the financial year.

Retail

- Throughout most of the financial year, business activities in the retail sector were dampened by COVID prevention measures. Some of our tenants, such as F&B outlets, gyms and entertainment venues, were subject to mandatory suspension. As a result, revenue from Mainland China's retail portfolio was impacted.

- Amidst the challenging operating conditions, we demonstrated agility and flexibility in our leasing strategy and shifted our leasing focus from maintaining positive rental reversions to increasing occupancy. As at 31 March 2023, portfolio occupancy (including Qibao Vanke Plaza in Shanghai, our Qualified Minority-owned Property) remained high at 95.2%, significantly improved from 92.1% as at 30 September 2022. Our average retail reversion rate (including Qibao Vanke Plaza in Shanghai, our Qualified Minority-owned Property) was -3.0%; nevertheless, reversion rates are expected to return to positive territory next year.

- Link has extended various supportive measures to help our tenants in need. In addition to rental concessions, we also tailored flexible leasing arrangements for tenants to assuage their operating pressures. These included lease restructuring, payment deferrals and other payment arrangements. Meanwhile, we increased our physical and social marketing efforts to boost footfall and tenant sales, offering a holistic approach to the promotion of sales activities in our shopping malls.

- Some of the most significant transformations in Mainland China's retail landscape included a shift towards a more mindful and discerning approach to purchasing decisions, as opposed to impulse based buying habits. These changes were allied to an increased focus on local brands and growing recreational demand. In response to these emerging trends, we modified our leasing strategy, introducing contemporary and experiment-based tenants and sporting activities. These initiatives included an outdoor bar with a camping theme, a rock-climbing wall, a skateboarding zone, and an indoor child playroom.

- Unlocking the full potential of our assets is key to propelling value creation for our Unitholders. We have planned a capital expenditure of RMB200 million for the first phase of asset enhancement of Link Plaza Tianhe (formerly known as Happy Valley Shopping Mall) in Guangzhou, with a focus on unleashing the intrinsic value of the area previously occupied by a department store. These asset enhancement works commenced in September 2022. We have curated an optimised trade mix that is leisure-based and includes the introduction of indoor play areas and other entertainment facilities, all with the aim of increasing customer engagement. Experiential shopping is becoming an increasingly important feature of our malls; our outdoor piazza will be transformed into a new leisure area that combines new dining and leisure offerings to draw increased footfall across a range of shopper demographics. Multiple elements of the mall, such as the façade and interior décor, have been upgraded to enhance the shopping ambience and customer experience.

Office

- Despite the new office supply in Shanghai, occupancy of Link Square in Shanghai, which consists of two prime Grade A office towers remained solid at 95.5% as at 31 March 2023. Link adopted a proactive leasing strategy focused on retaining high-quality tenants while exercising flexibility on rental reversion. As such, rental collection stabilised to nearly 100%, while negative reversion for office improved from -18.2% in 1H 2022/2023 to -14.5% for full year.

- At the end of the financial year, we completed our asset enhancement for Link Square; the lobby and the common areas were rejuvenated, positioning the office to attract post-pandemic demand.

Lease Expiry Profile
(As at 31 March 2023)

	Retail[1]		Office	
	% of total area %	% of monthly rent[2] %	% of total area %	% of monthly rent[2] %
2023/2024	26.5	30.8	14.0	15.5
2024/2025	17.4	27.3	13.5	16.5
2025/2026 and Beyond	51.3	41.9	68.0	68.0
Vacancy	4.8	–	4.5	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

Notes:

(1) Qibao Vanke Plaza's leases were included.

(2) Refers to base rent (excluding management fees).

Logistics

- Our logistics portfolio comprises three high-quality logistics assets, well connected to the key transportation hubs situated in the top-tier cities in Greater Bay Area and Yangtze River Delta. These assets are all fully occupied with a weighted average lease expiry (***WALE***) of 1.7 years, reinforcing the substantial growth potential driven by the burgeoning leasing demand from the e-commerce sector. Leases in our logistics portfolio provide a stable rental escalation term of 4-5%.

- In April and May 2023, we completed the acquisition of two logistics assets in Changshu. The contribution of these assets will be recognised in our 2023/2024 financial statements. Leasing sentiment for Changshu South was vibrant, our asset here being fully let. Leasing of Changshu North is in progress, and this space is gradually filling up. Changshu's location makes it a natural extension of Shanghai and a highly desirable address for supply chain operations.

- The logistics leasing sector has become a critical component of the supply chain, benefitting from the increasing prominence of online sales. Meanwhile, our retail portfolio complements the growth of our logistics assets to create synergies with our pre-existing tenant base. Given the growth potential, we have set up local teams to drive the execution of our growth strategy in the logistics sector. We are confident in the prospects of this sector, and will gear towards investing logistics assets in established major transportation hubs that offer promising entry yields and steady rental growth potential.

Operational Highlights – International

Our international portfolio comprises 12 retail and office sector assets across Australia, Singapore and the United Kingdom. This geographically diversified portfolio enables us to seize opportunities from outside of our home market and enhance our returns to Unitholders through active management across sectors and locations. During the year, we completed three acquisitions: a 50% interest in three retail assets in Sydney; a 49.9% interest in a trust which holds five prime office assets in Australia; and two retail assets in Singapore. These transactions helped to drive the scale and reach of our portfolio, with the objective of providing our Unitholders with better long-term returns and offering resilience across economic cycles and different geographies and sectors.

Revenue and net property income from our international portfolio increased 34.4% and 15.0% to HK$648 million and HK$390 million respectively, mainly attributable to the contributions from newly acquired assets in Australia. Overall rental collection rate maintained at 96% during the financial year.

Retail

Australia

- With the completion of the acquisition of a 50% interest in the three iconic retail assets in Sydney, the Queen Victoria Building, The Galeries and The Strand Arcade started contributing to our financial results in July 2022. Occupancy increased to 96.9% as a result of higher tenant demand spurred by improving tenant sales and footfall. The return of international tourists, and improvements in macroeconomic fundamentals, coupled with our distinct and complimentary positioning and trade mix, has translated into more robust leasing demand. Tenant sales achieved 12.5% growth since the acquisition.

- During the year, the retail sector was upbeat, becoming one of the bright spots of the Australian economy. Consumer spending was lifted by pent-up demand and supported by Australia's economic recovery. To capitalise on post-pandemic shopping preferences, we have introduced iconic retailers and F&B operators into our shopping malls. Moreover, leveraging the unique position of our retail assets, we are working with the city council to ramp up Sydney's night-time economy.

- We will upgrade the frontage of the Queen Victoria Building and The Galeries to fully capture the value of these high-quality assets. Tapping into the opportunities arising from the activation of George Street as the major pedestrian boulevard in the city, Queen Victoria Building will be invigorated by placemaking and the introduction of arts and cultural programmes.

Singapore

- During the year, Link announced the acquisition of two suburban retail assets in Singapore. This acquisition reinforced our dedication to increasing our exposure in the international market. Capitalising on a core expertise of Link, the management of non-discretionary retail assets, we jump-started our asset-lighter strategy by entering into a 10-year asset and property management service agreement for a third suburban retail mall, AMK Hub, which will remain under the Mercatus Co-operative's ownership. Having completed the acquisition of Jurong Point and Swing By @ Thomson Plaza at the end of the reporting year, these assets will start contributing to our financial performance in 2023/2024.

- At the end of March, this portfolio exhibited solid asset fundamentals, anchored by near full committed occupancy of 99.9%.

- With the easing of Safe Management Measures in 2022, Singapore's retail sentiment and corresponding leasing activities have improved, driven by leasing demand from the food and beverage sector. Despite uncertainties arising from goods and services tax (GST) hikes, improved footfall and limited new retail supply in the next few years will support the growth of retail rents.

- To drive our expansion and growth in the Singapore and international markets, we have set up a regional office in Singapore, forming a new market platform with significant potential. Our Singapore team will work closely with our Hong Kong team to leverage the strengths of both teams, replicate the successful asset management approaches already established in Hong Kong and bring value to Singapore and other international markets.

Office

- We have completed the acquisition of a 49.9% interest in a trust with Oxford Properties Group, which holds interests in five prime office assets, namely 126 Phillip Street, 388 George Street, 151 Clarence Street and 347 Kent Street, all in the Sydney central business district (***CBD***) and 567 Collins Street in Melbourne in June 2022. These premium and grade A office buildings possess outstanding sustainability attributes and have committed long-term leases with quality tenants and annual rental escalations of ~4%.

- WALE of our international office portfolio was ~5.7 years and occupancy was ~90%. These assets offer a steady income stream as a substantial proportion of the leases have embedded annual rental escalation terms. To enhance the attractiveness and increase our customer-centric offering, we are conducting speculative fit-out projects at 347 Kent Street, ready for occupiers to move in seamlessly. Moreover, The Cabot, our office asset in the United Kingdom is currently undergoing lobby refurbishment and speculative fit-out works, elevating tenant experience.

- The flight to high-quality assets in the CBD continues to influence the trajectory of recovery in the office sector. Our office assets that feature sophisticated design specifications and are poised to benefit from the gradual return of office workers and rising leasing demand for prime offices.

Valuation Review

Pursuant to the requirements of the REIT code, Colliers International (Hong Kong) Limited has retired after serving a term of three years and having completed the valuation as at 30 September 2022. Cushman & Wakefield Limited (***C&W***) was appointed as the principal valuer of Link and started valuing Link's property portfolio as at 31 March 2023 using the income capitalisation method with cross-reference to market comparables, and in addition, for international properties where international valuation standards require the discounted cashflow method. C&W valued the parcel of commercial land off Anderson Road, Kwun Tong, using the residual method. The valuation methods are respectively in line with market practice of property valuation and in compliance with the Trust Deed and the Manager's compliance manual.

- As of 31 March 2023, the total value of investment properties rose 11.6% year-on-year to HK$237,469 million, mainly due to acquisitions of assets of HK$17,791 million and fair value gains of HK$9,367 million, which was partly offset by HK$3,131 million of foreign currency depreciation.

- The value of our Hong Kong retail properties increased by 5.6% year-on-year to HK$129,819 million due to a higher valuation of the existing portfolio as a result of a slight increase in overall net property income and market rent, and capitalisation rate adjustments. The value of car parks and related business went up by 16.8% to HK$46,823 million, mainly driven by the growth in car parks net passing income and capitalisation rate adjustments. The value of Hong Kong office property decreased by 6.8% to HK$8,255 million as the valuer has adopted a lower market rent given the weak demand for office spaces.

- Our properties in Mainland China (including 50% value of Qibao Vanke) were valued at HK$35,168 million (31 March 2022: HK$38,433 million). The decrease of HK$3,265 million in valuation was mainly attributable to a decrease in overall net property income and capitalisation rate adjustments, partly offset by recent acquisition of Jiaxing Warehouse. Excluding the translation differences and on a like-for-like basis, the value of our Mainland China properties went down by 3.7% in Renminbi terms.

- The valuation of our retail and office buildings (including 49.9% value in the five prime office assets in Sydney and Melbourne) in Australia was HK$2,895 million (31 March 2022: nil) and HK$9,361 million (31 March 2022: HK$4,112 million), respectively. The increase of HK$5,249 million in total value of office buildings in Australia was mainly due to the acquisition of a trust with stake in five prime office assets in Sydney and Melbourne. Retail spaces of HK$2,895 million in total value in Australia were added to the portfolio through the acquisition of 50% interests in three iconic retail properties in Sydney.

- The value of the United Kingdom office building was HK$2,780 million as at 31 March 2023 (31 March 2022: HK$3,862 million). Excluding the exchange loss from the depreciation of British Pound of HK$155 million, the decrease of HK$927 million in valuation was mainly attributable to capitalisation rate expansion against the backdrop of a higher-interest rate environment.

- Our properties in Singapore were valued at HK$13,630 million (31 March 2022: nil).

- Our overseas investments were principally funded by local currency borrowings as currency hedges. The exchange translation differences were largely offset.

Valuation

	Valuation		Capitalisation Rate	
	As at 31 March 2023	As at 31 March 2022	**As at 31 March 2023**	As at 31 March 2022
	HK$'M	*HK$'M*		
Hong Kong				
Retail properties	**129,819**	122,878	**3.10% – 4.50%**	3.10% – 4.50%
Car parks and related business	**46,823**	40,102	**2.60% – 4.80%**	2.90% – 5.30%
Office property	**8,255**[(1)]	8,860[(1)]	**3.00%**	3.00%
	184,897	171,840		
Mainland China				
Retail properties	**26,309**[(2)]	29,936[(2)]	**4.50% – 5.00%**	4.25% – 4.75%
Office property	**6,364**	6,782	**4.25%**	4.25%
Logistics properties	**2,495**	1,715	**5.00%**	5.00%
	35,168	38,433		
Australia				
Retail properties	**2,895**	–	**4.88% – 5.25%**	N/A
Office properties	**9,361**[(3)]	4,112	**4.50% – 5.25%**	4.40%
	12,256	4,112		
United Kingdom				
Office property	**2,780**[(4)]	3,862	**6.00%**	5.19%
Singapore				
Retail properties	**13,630**	–	**3.80% – 4.50%**	N/A
Total valuation	**248,731**	218,247		
Total valuation of investment properties	**237,469**[(5)]	212,761[(5)]		

Notes:

(1) Represents the office portion only of The Quayside. Includes two floors of The Quayside occupied by Link as at 31 March 2022 and 31 March 2023

(2) Includes 50% value of Qibao Vanke Plaza.

(3) Includes 49.9% value of the prime office portfolio in Sydney and Melbourne.

(4) Includes two floors of The Cabot occupied by Link as at 31 March 2023.

(5) Excludes two floors of The Quayside & two floors of The Cabot occupied by Link, classified as property, plant and equipment, the 50% value of Qibao Vanke Plaza and the 49.9% value of the prime office portfolio in Sydney and Melbourne.

Capital Management

(Face Value as at 31 March 2023)

During the year, the global economy was characterised by ongoing inflationary and interest rate pressures, geopolitical tensions, uncertainties in the banking sector and a rising risk of recession. Since March 2022, US Federal Reserve has increased the Federal Funds Target Rate 10 times from 0.25% to 5.25%. Ongoing geopolitical tensions, the reshaping of global supply chains, underinvestment in production and global wage inflation continue to impact the economic outlook. Global central banks and policymakers are likely to remain cautious in their approach to monetary policy as they seek to balance the need for economic growth and financial stability with key priorities on fighting inflation. Although indications are that the interest rate hike cycle is close to an end, interest rates are expected to stay at an elevated level in the near future.

Rights Issue to strengthen capital base

Against the backdrop of a higher interest rate environment and uncertainties in the financial markets, we completed our HK$18.8 billion one-for-five Rights Issue at a subscription price of HK$44.20, strengthening our capital base and positioning us to capture accretive investment opportunities. The Rights Issue was well supported by Unitholders, with a total subscription rate of over 240%.

As at 31 March 2023, approximately HK$5.2 billion of the Rights Issue net proceeds were used for debt repayment. Subsequent to 31 March 2023, another HK$4.0 billion and HK$0.3 billion were utilised in April and May 2023 for debt repayment and the completion payment for the acquisition of two logistics assets in Changshu South and Changshu North, Jiangsu Province, respectively.

Financing transactions to support portfolio growth

During the year, we arranged a total of HK$25.6 billion new financing in different currencies from different sources to replenish liquidity and support our strategic acquisitions in Australia, Mainland China and Singapore.

Financing arranged since April 2022

April 2022	• A$462 million bridge loan facilities • A$450 million 5-year AUD loan facilities
May 2022	• A$150 million 5-year AUD loan facilities
July 2022	• CNY200 million 5-year CNY loan facilities
October 2022	• CNY150 million 5-year CNY loan facilities • HKD970 million 3-year HKD loan facilities
November 2022	• CNH300 million 3-year notes at 3.55% per annum • CNH370 million 2-year notes at 3.50% per annum • A$200 million 5-year AUD loan facilities
December 2022	• HKD3,300 million 5-year convertible bonds at 4.50% per annum • CNY163 million 10-year CNY loan facilities
March 2023	• SGD1,120 million 4-year SGD loan facilities • SGD1,135 million 5-year SGD loan facilities

Strong capital base and liquidity position

- Total debt rose by HK$15.5 billion to HK$65.7 billion as at 31 March 2023.

- Gearing ratio mildly increased from 22.0% to 24.2% as at 31 March 2023.

- Net gearing ratio decreased from 20.7% to 17.8% as at 31 March 2023.

- HK$10.0 billion undrawn committed facilities and HK$17.3 billion cash and bank balances as at 31 March 2023.

- Average borrowing cost for the year ended 31 March 2023 was 3.0%.

- Debt maturity averaged at 3.7 years and well staggered over the coming 15 years.

- 56.8% of our debt portfolio was maintained at fixed interest rate as at 31 March 2023.

Prudently managed foreign currency exposure

- Overseas acquisitions and investments (i.e. Australia, Singapore and the United Kingdom portfolios) are principally funded by local currency denominated borrowings providing natural hedges, or hedged by foreign currency forward contracts, where feasible and cost-effective.

- Distributable income from non-Hong Kong properties is largely hedged into HKD terms through foreign currency forward contracts entered on an annual basis where feasible and cost-effective.

Optimise value for Unitholders

- **Distribution reinvestment scheme**: Provides eligible Unitholders the option to reinvest in Link units for scrip distributions. In respect of the interim distribution of the six months ended 30 September 2022, HK$1,052 million of the cash distribution was reinvested with approximately 20.7 million new units issued at a unit price of HK$50.804.

- **Unit buyback**: A total of 6.7 million units were bought back during the year under review at an average price of HK$60.70, below NAV of HK$73.98, utilising HK$408.1 million (including the transaction costs). Link will consider further unit buyback subject to market conditions and regulatory requirements.

- **Relevant Investments**: As at 31 March 2023, an investment-grade bond portfolio with a market value of HK$1.2 billion was held. During the year, a total of HK$881 million bonds matured and were redeemed.

Credit ratings supported by resilient performance

- Link's credit ratings remain unchanged from the prior reporting period at A2/Stable (Moody's), A/Stable (S&P) and A/Stable (Fitch).

- Rating agencies have acknowledged Link's resilient financial fundamentals, diversification strategy and well-managed capital structure, and recognise the lower gearing and increased financial buffers for our credit ratings following the Rights Issue.

Debt Profile Breakdown
(Face Value as at 31 March 2023)

(HK$ billion)	Bank Loans	Medium Term Notes (*MTN*)	Convertible Bond (*CB*)	Total
Due in 2023/2024	4.1	–	–	4.1[(1)]
Due in 2024/2025	1.7	6.9	0.8	9.4
Due in 2025/2026	10.2	2.2	–	12.4
Due in 2026/2027	11.4	6.2	–	17.6
Due in 2027/2028	11.2	1.0	3.3	15.5
Due in 2028/2029	–	–	–	–
Due in 2029/2030 and beyond	0.1	6.6	–	6.7
Total	**38.7**	**22.9**	**4.1**	**65.7**

Note:
(1) HK$4.0B bank loans maturing in 2023/2024 have been repaid in April 2023.

Debt Profile Breakdown
(Face Value as at 31 March 2023)

Debt Mix by Types

	HK$ billion	**%**
Bank Loans	38.7	58.9%
MTN	22.9	34.9%
CB	4.1	6.2%
Total	**65.7**	**100.0%**

Debt Mix by Fixed/Floating Rates
(After interest rate swap)

	HK$ billion	**%**
Fixed	37.3	56.8%
Floating	28.4	43.2%
Total	**65.7**	**100.0%**

Debt Mix by Years to Maturity

	HK$ billion	*%*
Due in 2023/2024	4.1	6.2%
Due in 2024/2025 and 2025/2026	21.8	33.2%
Due in 2026/2027, 2027/2028 and 2028/2029	33.1	50.4%
Due in 2028/2029 and beyond	6.7	10.2%
Total	**65.7**	**100.0%**

Debt Mix by Currencies
(After currency swap)

	HK$ billion	*%*
HKD	35.1	53.4%
RMB	5.9	9.0%
AUD	7.8	11.9%
SGD	13.2	20.1%
GBP	3.7	5.6%
Total	**65.7**	**100.0%**

Corporate Strategy

We are committed to pursuing our next phase of growth under our Link 3.0 strategy, providing our Unitholders with stable distributions with sustainable long-term growth.

As a leading real estate investor and manager in APAC, we are devoted to driving organic growth through active asset management of our portfolio. We will also actively consider accretive investment opportunities and evaluate potential asset recycling initiatives in order to optimise and diversify our portfolio. Through diversification across sectors and locations, we aim to create a strong foundation that can withstand varying business and economic cycles, decrease our overall business risk and improve returns to our Unitholders.

In addition, we aim to introduce an asset-lighter, third-party capital management business, complementing our current asset investment approach, where most assets are wholly owned. Through co-ownership of investments with capital partners, we can grow our AUM and generate management fees as an additional income stream. This approach aligns with our active management and diversification, capturing trends and opportunities across public and private real estate sectors.

As we advance, we remain focused on the APAC region, which provides a large and growing asset and investment pool and a comprehensive set of investment opportunities, particularly in Australia, Hong Kong, tier-one cities in Mainland China and Singapore. We intend to continue evaluating opportunities across multiple asset classes including retail, car park, office and logistics sectors, while primarily targeting non-discretionary retail and logistics.

Our history of resilience demonstrates our capacity to withstand challenges and achieve sustained growth over time. We aim to further expand our capabilities regionally in different asset classes and in support of our asset-lighter approach. We will continue to carefully manage our cost of funding and financial risks. We are confident in successfully executing Link 3.0 backed by our proven track record in asset, portfolio and capital management. Leveraging on our award-winning governance standards, our ESG stewardship, our experienced and professional team and the support of our stakeholders, we aspire to become a trusted partner in APAC real estate.

OUTLOOK

We expect that ongoing geopolitical tension, rising inflation, a higher-for-longer interest rate environment and slower-than-expected economic growth will affect business activities and consumption behaviour. Hong Kong visitor arrivals have taken longer than initially expected to recover and are yet to reach pre-pandemic levels. However, our community commercial assets are resilient and less reliant on tourism.

With the Rights Issue, we have strengthened our capital base. After the debt repayment using the Rights Issue proceeds, we have minimal debt maturing in 2023/2024. This provides us with a high level of financial flexibility and little near-term refinancing risk. Our balance sheet strength is important for us in the new normal of uncertainty, and we will adhere to our prudent capital management approach.

As interest rates will stay at an elevated level for a longer period of time, we expect repricing in certain real estate markets to continue. We will carefully identify and evaluate accretive opportunities and strategic targets as they emerge.

As we look ahead, our confidence in APAC's resilience, diversity, and growth potential remains unwavering. We are committed to maintaining our strategic investment focus, strong governance, and responsible growth as we continue to deliver long-term value to our Unitholders.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023 HK$'M**	2022 HK$'M
Revenue	2	**12,234**	11,602
Property operating expenses		**(3,036)**	(2,826)
Net property income		**9,198**	8,776
General and administrative expenses		**(653)**	(512)
Change in fair values of investment properties and impairment of property, plant and equipment		**9,317**	426
Interest income		**106**	98
Finance costs		**(1,754)**	(1,005)
Loss on disposals of financial assets at amortised cost		**–**	(11)
Share of net profits of joint ventures	8	**85**	364
Profit before taxation and transactions with Unitholders	4	**16,299**	8,136
Taxation	5	**(1,006)**	(1,229)
Profit for the year, before transactions with Unitholders		**15,293**	6,907
Distributions paid to Unitholders:			
– 2023 interim distribution		**(3,277)**	–
– 2022 final distribution		**(3,083)**	–
– 2022 interim distribution		**–**	(3,336)
– 2021 final distribution		**–**	(3,089)
		8,933	482
Nil paid rights issued to Unitholders	13	**(1,638)**	–
		7,295	482
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		**5,201**	2,030
Amount arising from reserve movements		**2,252**	(1,561)
Non-controlling interests		**(158)**	13
		7,295	482
Profit for the year, before transactions with Unitholders attributable to			
– Unitholders *(Note)*	6	**15,451**	6,894
– Non-controlling interests		**(158)**	13
		15,293	6,907

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Before transactions with Unitholders *HK$'M*	Transactions with Unitholders *(Note (i))* *HK$'M*	After transactions with Unitholders *(Note (ii))* *HK$'M*	Non-controlling interests *HK$'M*	Total *HK$'M*
For the year ended 31 March 2023					
Profit for the year	**15,451**	**(13,199)**	**2,252**	**(158)**	**2,094**
Other comprehensive income					
Items that may be reclassified subsequently to the consolidated income statement					
– Cash flow hedging reserve	**146**	**–**	**146**	**–**	**146**
– Exchange reserve	**(2,398)**	**–**	**(2,398)**	**(24)**	**(2,422)**
Total comprehensive income for the year	**13,199**	**(13,199)**	**–**	**(182)**	**(182)**
For the year ended 31 March 2022					
Profit for the year	6,894	(8,455)	(1,561)	13	(1,548)
Other comprehensive income					
Items that may be reclassified subsequently to the consolidated income statement					
– Cash flow hedging reserve	372	–	372	–	372
– Exchange reserve	1,189	–	1,189	4	1,193
Total comprehensive income for the year	8,455	(8,455)	–	17	17

Notes:

(i) Transactions with Unitholders comprise the distributions to Unitholders of HK$7,998 million (2022: HK$6,425 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, which is an increase of HK$5,201 million (2022: HK$2,030 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 the 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. 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 2023

	Note	2023 HK$'M	2022 HK$'M
Profit for the year, before transactions with Unitholders attributable to Unitholders		**15,451**	6,894
Adjustments:			
– Change in fair values of investment properties and impairment of property, plant and equipment attributable to Unitholders		**(9,393)**	(714)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders		**(60)**	172
– Change in fair values of derivative component of convertible bonds		**22**	(32)
– Change in fair values of financial instruments		**51**	(80)
– Depreciation and amortisation of real estate and related assets		**60**	51
– Loss on disposals of financial assets at amortised cost		**–**	11
– Other non-cash losses/(gains)		**180**	(29)
Discretionary distribution *(Note (i))*		**–**	146
Total Distributable Amount *(Note (i))*		**6,311**	6,419
Interim distribution paid		**3,277**	3,336
Final distribution, to be paid to the Unitholders		**3,034**	3,083
Total distributions for the year		**6,311**	6,419
Units in issue at 31 March	13	**2,553,845,091**	2,110,193,850
Distributions per unit to Unitholders:			
– Interim distribution per unit, paid *(Note (ii))*		**HK155.51 cents**	HK159.59 cents
– Final distribution per unit, to be paid to the Unitholders *(Note (iii))*		**HK118.80 cents**	HK146.08 cents
Distribution per unit for the year		**HK274.31 cents**	HK305.67 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 2023, the Manager has decided to distribute 100% of its distributable income to Unitholders. For the year ended 31 March 2022, the Manager decided to distribute 100% of its distributable income and a capital return in the form of a discretionary distribution of HK$146 million, Total Distributable Amount represented 102% of the distributable income of the Group.

(ii) The interim distribution per unit of HK155.51 cents for the six months ended 30 September 2022 was calculated based on the interim distribution of HK$3,277 million for the period and 2,107,497,039 units in issue as at the date of the approval of the condensed consolidated interim financial information, without taking into account any subsequent change in the number of units in issue. The interim distribution was paid to Unitholders on 30 December 2022. The interim distribution per unit of HK159.59 cents for the six months ended 30 September 2021 was calculated based on the interim distribution of HK$3,336 million for the period and 2,090,637,780 units in issue as at 30 September 2021.

(iii) The final distribution per unit of HK118.80 cents (2022: HK146.08 cents) for the year ended 31 March 2023 is calculated based on the final distribution to be paid to the Unitholders of HK$3,034 million (2022: HK$3,083 million) for the second half of the financial year and 2,553,845,091 units (2022: 2,110,193,850 units) in issue as at 31 March 2023, 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 1 August 2023.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 HK$'M	2022 HK$'M
Assets			
Goodwill		**387**	400
Investment properties	*7*	**237,469**	212,761
Interests in joint ventures	*8*	**6,769**	3,756
Property, plant and equipment		**1,463**	1,248
Financial assets at amortised cost		**1,188**	2,082
Deposits and prepayments		**212**	722
Derivative financial instruments		**809**	414
Trade and other receivables	*9*	**2,283**	1,384
Bank deposits		**3,352**	170
Cash and cash equivalents		**13,987**	2,779
Total assets		**267,919**	225,716
Liabilities, excluding net assets attributable to Unitholders			
Deferred tax liabilities		**3,330**	3,348
Long-term incentive scheme provision		**115**	153
Other liabilities		**4,164**	3,948
Interest bearing liabilities	*10*	**60,750**	45,714
Convertible bonds	*11*	**4,163**	4,031
Security deposits		**2,141**	1,920
Derivative financial instruments		**719**	429
Provision for taxation		**453**	483
Trade payables, receipts in advance and accruals	*12*	**3,024**	2,700
Total liabilities, excluding net assets attributable to Unitholders		**78,859**	62,726
Non-controlling interests		**120**	302
Net assets attributable to Unitholders		**188,940**	162,688
Units in issue	*13*	**2,553,845,091**	2,110,193,850
Net assets per unit attributable to Unitholders		**HK$73.98**	HK$77.10

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

FOR THE YEAR ENDED 31 MARCH 2023

	Note	**Unitholders' equity** *HK$'M*	**Net assets attributable to Unitholders** *HK$'M*	**Non-controlling interests** *HK$'M*
At 1 April 2022		**–**	**162,688**	**302**
Issuance of units under Rights Issue	*13*	**–**	**20,148**	**–**
Issuance of units under distribution reinvestment scheme		**–**	**1,310**	**–**
Units bought back for cancellation	*13*	**–**	**(407)**	**–**
Profit for the year ended 31 March 2023, before transactions with Unitholders		**–**	**15,451**	**(158)**
Distributions paid to Unitholders				
– 2023 interim distribution		**–**	**(3,277)**	**–**
– 2022 final distribution		**–**	**(3,083)**	**–**
Nil paid rights issued to Unitholders	*13*	**–**	**(1,638)**	**–**
Change in fair values of cash flow hedges		**276**	**–**	**–**
Amount transferred to the consolidated income statement		**(130)**	**–**	**–**
Foreign currency translations		**(2,398)**	**–**	**(24)**
Amount arising from reserve movements		**2,252**	**(2,252)**	**–**
Change in net assets attributable to Unitholders and non-controlling interests for the year ended 31 March 2023, excluding issues of new units and units bought back		**–**	**5,201**	**(182)**
At 31 March 2023		**–**	**188,940**	**120**
At 1 April 2021		–	158,720	(27)
Issuance of units under distribution reinvestment scheme		–	2,020	–
Units bought back for cancellation	*13*	–	(82)	–
Acquisition of non-controlling interests		–	–	312
Profit for the year ended 31 March 2022, before transactions with Unitholders		–	6,894	13
Distributions paid to Unitholders				
– 2022 interim distribution		–	(3,336)	–
– 2021 final distribution		–	(3,089)	–
Change in fair values of cash flow hedges		312	–	–
Amount transferred to the consolidated income statement		60	–	–
Foreign currency translations		1,189	–	4
Amount arising from reserve movements		(1,561)	1,561	–
Change in net assets attributable to Unitholders and non-controlling interests for the year ended 31 March 2022, excluding issues of new units, units bought back and acquisition of non-controlling interests		–	2,030	17
At 31 March 2022		–	162,688	302

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023 HK$'M	2022 HK$'M
Operating activities		
Net cash generated from operating activities	**7,641**	6,698
Investing activities		
Acquisition of assets	**(17,371)**	(9,010)
Acquisition of a joint venture	**(3,148)**	(947)
Additions to investment properties	**(758)**	(858)
Additions to property, plant and equipment	**(62)**	(28)
Interest income received	**125**	116
Proceeds from disposal and maturity of financial assets at amortised costs	**881**	647
Deposits paid for acquisition of a joint venture	**–**	(332)
Increase in bank deposits with original maturity of more than three months	**(3,033)**	(170)
Increase in other receivable for acquisition of assets	**(1,200)**	–
Increase in restricted bank deposits	**(151)**	–
Dividend received from a joint venture	**83**	–
Net cash used in investing activities	**(24,634)**	(10,582)
Financing activities		
Proceeds from convertible bonds, net of transaction costs	**3,269**	–
Proceeds from interest bearing liabilities, net of transaction costs	**37,189**	25,237
Proceeds from Rights Issue	**18,813**	–
Redemption of convertible bonds	**(3,213)**	–
Repayment of interest bearing liabilities	**(21,052)**	(14,948)
Repayment of borrowings acquired in acquisition of assets	**–**	(713)
Increase in amount due to a joint venture	**281**	–
Increase in amount due to a non-controlling interest	**23**	29
Interest expenses paid	**(1,583)**	(978)
Payment of lease liabilities	**(3)**	(2)
Distributions paid to Unitholders	**(5,050)**	(4,405)
Units bought back for cancellation	**(407)**	(82)
Net cash generated from financing activities	**28,267**	4,138
Net increase in cash and cash equivalents	**11,274**	254
Cash and cash equivalents at 1 April	**2,779**	2,530
Effect on exchange rate changes on cash and cash equivalents	**(66)**	(5)
Cash and cash equivalents at 31 March	**13,987**	2,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, long-term incentive scheme provision, the derivative component 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 2023, the Group has adopted all the new amendments and revised accounting guideline that are currently in issue and effective.

HKFRS 3, HKAS 16 and HKAS 37 Amendments	Narrow-Scope Amendments
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations
Annual Improvements 2018-2020 Cycle	

The adoption of these new amendments and revised accounting guideline has not had any significant effect on the results reported and the financial position of the Group.

1 Basis of Preparation (Continued)

(c) Adoption of New and Revised Accounting Policies (Continued)

The following new standards, amendments and interpretation 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 2023.

HKAS 1 Amendments	Classification of Liabilities as Current or Non-current[(2)]
HKAS 1 Amendments	Non-current Liabilities with Covenants[(2)]
HKAS 1 and HKFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies[(1)]
HKAS 8 Amendments	Definition of Accounting Estimates[(1)]
HKAS 12 Amendments	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction[(1)]
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[(3)]
HKFRS 16 Amendments	Lease Liability in a Sale and Leaseback[(2)]
HKFRS 17	Insurance Contracts[(1)]
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information[(1)]
HKFRS 17 Amendments	Amendments to HKFRS 17[(1)]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[(2)]

(1) effective for accounting periods beginning on or after 1 January 2023
(2) effective for accounting periods beginning on or after 1 January 2024
(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, amendments and interpretation upon initial application.

2 Revenue

Revenue recognised during the year comprises:

	2023 HK$'M	2022 HK$'M
Rentals		
– Hong Kong retail and office properties	**6,555**	6,425
– Hong Kong car parks and related business	**2,395**	2,130
– Mainland China retail, office and logistics properties	**1,256**	1,380
– Overseas retail and office properties	**487**	365
Other revenue *(Note)*	**1,541**	1,302
Total revenue	**12,234**	11,602

Note: Other revenue includes management fees, air conditioning service fees, promotion levies and miscellaneous revenue.

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK$131 million (2022: HK$119 million) and have been included in the rental income.

3 Segment Information

	Hong Kong retail and office properties HK$'M	Hong Kong car parks and related business HK$'M	Mainland China retail, office and logistics properties HK$'M	Overseas retail and office properties HK$'M	Total HK$'M
For the year ended 31 March 2023					
Revenue	7,640	2,401	1,545	648	12,234
Segment results	5,792	1,928	1,088	390	9,198
Change in fair values of investment properties and impairment of property, plant and equipment	5,011	6,658	(1,591)	(761)	9,317
Share of net profits of joint ventures	–	–	158	(73)	85
Corporate expenses					(653)
Interest income					106
Finance costs					(1,754)
Profit before taxation and transactions with Unitholders					16,299
Taxation					(1,006)
Profit for the year, before transactions with Unitholders					15,293
Acquisition of investment properties	766	–	764	16,261	17,791
Acquisition of a joint venture	–	–	–	3,480	3,480
Other capital additions	653	62	275	12	1,002
Depreciation	(54)	–	(3)	(5)	(62)

3 Segment Information (Continued)

	Hong Kong retail and office properties *HK$'M*	Hong Kong car parks and related business *HK$'M*	Mainland China retail, office and logistics properties *HK$'M*	Overseas retail and office properties *HK$'M*	Total *HK$'M*
As at 31 March 2023					
Segment assets	138,724	46,859	31,466	22,940	239,989
Interests in joint ventures	–	–	3,652	3,117	6,769
Unallocated corporate assets					1,438
Goodwill					387
Financial assets at amortised cost					1,188
Derivative financial instruments					809
Bank deposits					3,352
Cash and cash equivalents					13,987
Total assets					267,919
Segment liabilities	2,954	225	799	447	4,425
Unallocated corporate liabilities					740
Deferred tax liabilities					3,330
Long-term incentive scheme provision					115
Other liabilities					4,164
Interest bearing liabilities					60,750
Convertible bonds					4,163
Derivative financial instruments					719
Provision for taxation					453
Total liabilities, excluding net assets attributable to Unitholders					78,859
Non-controlling interests					120
Net assets attributable to Unitholders					188,940

For the year ended 31 March 2023, revenue of HK$1,545 million (2022: HK$1,641 million) is attributable to external customers from Mainland China, HK$10,041 million (2022: HK$9,479 million) is attributable to external customers from Hong Kong, and HK$648 million (2022: HK$482 million) is attributable to external customers from overseas.

As at 31 March 2023, investment properties, interests in joint ventures, property, plant and equipment, and goodwill amounting to HK$34,965 million (2022: HK$38,084 million) are located in Mainland China, HK$185,210 million (2022: HK$172,102 million) are located in Hong Kong and HK$25,913 million (2022: HK$7,979 million) are located in overseas.

3 Segment Information (Continued)

	Hong Kong retail and office properties *HK$'M*	Hong Kong car parks and related business *HK$'M*	Mainland China retail, office and logistics properties *HK$'M*	Overseas retail and office properties *HK$'M*	Total *HK$'M*
For the year ended 31 March 2022					
Revenue	7,341	2,138	1,641	482	11,602
Segment results	5,556	1,675	1,206	339	8,776
Change in fair values of investment properties	(2,217)	2,672	(119)	90	426
Share of net profit of a joint venture	–	–	364	–	364
Corporate expenses					(512)
Interest income					98
Finance costs					(1,005)
Loss on disposals of financial assets at amortised cost					(11)
Profit before taxation and transactions with Unitholders					8,136
Taxation					(1,229)
Profit for the year, before transactions with Unitholders					6,907
Acquisition of investment properties	–	5,872	5,476	–	11,348
Acquisition of a joint venture	–	–	3,252	–	3,252
Other capital additions	365	45	453	–	863
Depreciation	(52)	–	(2)	–	(54)

3 Segment Information (Continued)

	Hong Kong retail and office properties *HK$'M*	Hong Kong car parks and related business *HK$'M*	Mainland China retail, office and logistics properties *HK$'M*	Overseas retail and office properties *HK$'M*	Total *HK$'M*
As at 31 March 2022					
Segment assets	132,652	40,127	34,464	8,516	215,759
Interests in a joint venture	–	–	3,756	–	3,756
Unallocated corporate assets					356
Goodwill					400
Financial assets at amortised cost					2,082
Derivative financial instruments					414
Bank deposits					170
Cash and cash equivalents					2,779
Total assets					225,716
Segment liabilities	2,966	221	919	166	4,272
Unallocated corporate liabilities					348
Deferred tax liabilities					3,348
Long-term incentive scheme provision					153
Other liabilities					3,948
Interest bearing liabilities					45,714
Convertible bonds					4,031
Derivative financial instruments					429
Provision for taxation					483
Total liabilities, excluding net assets attributable to Unitholders					62,726
Non-controlling interests					302
Net assets attributable to Unitholders					162,688

4 Profit Before Taxation and Transactions with Unitholders

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

	2023	2022
	HK$'M	*HK$'M*
Staff costs	**920**	923
Depreciation of property, plant and equipment	**94**	84
Trustee's fee	**17**	16
Valuation fee	**4**	4
Auditor's remuneration		
Audit fees	**15**	12
Audit-related assurance services	**2**	–
Acquisition related professional fees	**–**	1
Others	**2**	2
Professional fees capitalised	**(2)**	(1)
Bank charges	**11**	7
Commission to property agents	**15**	15
Donations	**18**	15
Exchange gain on financial instruments	**(49)**	(31)
Short-term lease expenses	**2**	8
Other legal and professional fees	**27**	18

5 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year. Income taxes in Mainland China and Overseas have been provided for at the applicable rate on the estimated assessable profit for the year.

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

	2023	2022
	HK$'M	*HK$'M*
Current taxation		
– Hong Kong	**804**	785
– Mainland China	**138**	170
– Overseas	**44**	7
Deferred taxation	**20**	267
Taxation	**1,006**	1,229

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:

	2023	2022
	HK$'M	*HK$'M*
Profit before taxation and transactions with Unitholders	**16,299**	8,136
Share of net profits of joint ventures	**(85)**	(364)
	16,214	7,772
Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2022: 16.5%)	**2,675**	1,282
Tax effect of different taxation rates	**(67)**	92
Tax effect of non-deductible expenses	**576**	91
Tax effect of non-taxable income	**(2,021)**	(120)
Overprovision in previous years	**(158)**	(138)
Utilisation of previously unrecognised tax loss	**(3)**	(24)
Withholding tax on unremitted earnings of subsidiaries	**4**	46
Taxation	**1,006**	1,229

6 Earnings Per Unit Based Upon Profit for the Year, Before Transactions with Unitholders Attributable to Unitholders

	2023	2022 *(Adjusted)*
Profit for the year, before transactions with Unitholders attributable to Unitholders for calculating basic earnings per unit	**HK$15,451 million**	HK$6,894 million
Adjustment for dilutive convertible bonds	**HK$80 million**	HK$72 million
Profit for the year, before transactions with Unitholders attributable to Unitholders for calculating diluted earnings per unit	**HK$15,531 million**	HK$6,966 million
Weighted average number of units for the year for calculating basic earnings per unit	**2,179,285,281**	2,153,167,740
Adjustment for dilutive convertible bonds	**63,740,297**	38,572,806
Weighted average number of units for the year for calculating diluted earnings per unit	**2,243,025,578**	2,191,740,546
Basic earnings per unit	**HK$7.09**	HK$3.20
Diluted earnings per unit	**HK$6.92**	HK$3.18

The earnings per unit for the year ended 31 March 2022 have been adjusted to reflect the effect of Rights Issue of the Group during the year.

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 2022	**212,761**	**–**	**212,761**
Exchange adjustments *(Note (e))*	**(3,131)**	**–**	**(3,131)**
Acquisition of assets	**17,025**	**766**	**17,791**
Additions	**951**	**17**	**968**
Change in fair values	**9,422**	**(55)**	**9,367**
Transfer to property, plant and equipment	**(287)**	**–**	**(287)**
At 31 March 2023	**236,741**	**728**	**237,469**
At 1 April 2021	199,074	–	199,074
Exchange adjustments	1,054	–	1,054
Acquisition of assets	11,348	–	11,348
Additions	859	–	859
Change in fair values	426	–	426
At 31 March 2022	212,761	–	212,761

(b) Valuation Process

The investment properties were revalued on a market value basis by Cushman & Wakefield Limited (the ***Principal Valuer***), an independent firm of professional qualified valuers, which were newly appointed as the Principal Valuer of Link for property valuation as at 31 March 2023. The independent property valuation as at 31 March 2022 was performed by Colliers International (Hong Kong) 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 2023, the Principal Valuer has relied on the income capitalisation approach and residual approach as the primary approaches with cross-reference to the direct comparison approach and/or discounted cash flow analysis (if applicable) (2022: income capitalisation approach as the primary approach with cross-reference to the direct comparison approach).

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 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.

Direct comparison approach is based on comparing the property to be valued directly with identical or similar assets for which price information is available. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

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.

7 Investment Properties (Continued)

(c) Valuation Techniques (Continued)

The valuation technique is summarised in the below table with its significant unobservable inputs.

		Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Income capitalisation approach Completed properties	i)	Capitalisation rate (Blended): 2.98% – 6.00% (2022: 2.90% – 5.30%)	The higher the capitalisation rate, the lower the fair value.
	ii)	Net passing income per annum: HK$1.1M – HK$580.9M (2022: HK$0.9M – HK$313.4M)	The higher the net passing income, the higher the fair value.
Residual approach Property under development (applicable for 31 March 2023 only)	i)	Estimated gross development value: HK$1,941M	The higher the estimated gross development value, the higher the fair value.
	ii)	Estimated development costs: HK$661M	The higher the estimated development costs, the lower the fair value.

The investment properties are included in Level 3 (2022: Level 3) of the fair value hierarchy.

7 Investment Properties (Continued)

(d) Restrictions under the REIT Code

Link acquired a 50% interest in Qibao Vanke Plaza in Shanghai, Link Plaza Tianhe in Guangzhou, 75% interests in two logistics properties in Dongguan and Foshan, two car park/car service centres and godown buildings in Hong Kong, a 49.9% interest in a trust which owns prime office properties in Australia, a logistics property in Jiaxing, 50% interests in three retail properties in Sydney, a parcel of commercial-use land off Anderson Road for development and two retail properties (Jurong Point and Swing By @ Thomson Plaza) in Singapore, the completions of which were on 2 April 2021, 28 June 2021, 27 October 2021, 31 December 2021, 1 June 2022, 29 June 2022, 1 July 2022, 31 August 2022 and 31 March 2023 respectively, and the development of the parcel of commercial-use land off Anderson Road was not yet completed as at 31 March 2023. In accordance with the REIT Code, Link is prohibited from disposing of its properties (held through a special purpose vehicle or joint venture entity) 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 approve the proposed disposal by way of a 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, Australia and the United Kingdom amounting to HK$2,445 million, HK$452 million and HK$234 million, respectively. These amounts are included in exchange reserve and were partly offset by hedging financial instruments.

(f) Security for the Group’s Loan Facilities

As at 31 March 2023, certain of the Group’s investment properties in Mainland China, Australia and Singapore, amounting to approximately HK$5,414 million (2022: HK$4,866 million), HK$3,484 million (2022: HK$4,112 million) and HK$13,630 million (2022: Nil) respectively, were pledged to secure the Group’s loan facilities totalling HK$9,892 million (2022: HK$3,920 million).

8 Interests in Joint Ventures

	2023	2022
	HK$'M	*HK$'M*
Cost of investment in joint ventures	**6,732**	3,252
Share of post-acquisition results and other comprehensive income	**120**	504
Dividend received	**(83)**	–
	6,769	3,756

On 9 February 2022, Link, through a wholly-owned subsidiary, entered into an unit sale agreement to acquire 49.9% of fully-paid ordinary units of Australia Office Fund Investment I Trust at an adjusted cash consideration of A$605 million (equivalent to approximately HK$3,403 million). Link incurred acquisition-related transaction costs of HK$77 million. Australia Office Fund Investment I Trust owns interests in five prime office properties located in central business districts in Sydney and Melbourne respectively in Australia. The transaction was completed on 1 June 2022.

Link held the following joint ventures as at 31 March 2023:

Name	**Place of establishment and kind of legal entity/place of operations**	**Principal activities**	**Particulars of issued share capital/registered capital**	**Interest held**
上海莘寶企業管理有限公司	People's Republic of China, limited liability company/ People's Republic of China	Property holding and leasing	RMB1,318,010,000	50.0%
Australia Office Fund Investment I Trust	Australia, investment trust/ Australia	Property holding and leasing	A$992,609,927	49.9%

The Group's interests in joint ventures amounting to HK$6,769 million as at 31 March 2023 are accounted for using the equity method in the consolidated financial statements. The Manager considers that the interests in the joint ventures are not material to the Group.

8 Interests in Joint Ventures (Continued)

The financial information related to the Group's share of joint ventures is as follows:

	2023	2022
	HK$'M	*HK$'M*
Share of net profits	**85**	364
Share of net property income	**335**	191
Share of investment properties carried at fair value	**9,855**	4,240

9 Trade and Other Receivables

	2023	2022
	HK$'M	*HK$'M*
Trade receivables	**276**	329
Less: provision for impairment of trade receivables	**(106)**	(59)
Trade receivables – net	**170**	270
Deferred rent receivables	**843**	1,023
Other receivables	**1,270**	91
	2,283	1,384

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

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

The other receivables include a deposit for the acquisition of assets of HK$1,200 million which was refunded and received on 3 April 2023.

9 Trade and Other Receivables (Continued)

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

	2023	2022
	HK$'M	*HK$'M*
0–30 days	**120**	216
31–90 days	**51**	61
Over 90 days	**105**	52
	276	329

Monthly rentals 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$170 million (2022: HK$270 million) presented above were HK$12 million (2022: HK$40 million) of accrued car park income and HK$32 million (2022: HK$20 million) of accrued turnover rent, which were not yet due as at 31 March 2023.

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

	2023	2022
	HK$'M	*HK$'M*
At 1 April	**59**	67
Provision for impairment of trade receivables	**67**	2
Receivables written off during the year as uncollectible	**(18)**	(11)
Exchange adjustments	**(2)**	1
At 31 March	**106**	59

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 since the expected credit loss of the other receivables is minimal.

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables.

10 Interest Bearing Liabilities

	2023	2022
	HK$'M	*HK$'M*
Unsecured bank borrowings	**28,567**	18,633
Secured bank borrowings	**9,892**	3,920
Medium term notes	**22,291**	23,161
	60,750	45,714

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

	2023	2022
	HK$'M	*HK$'M*
Due in the first year		
Unsecured bank borrowings	**4,014**	4,297
Secured bank borrowings	**119**	209
Medium term notes	**–**	1,229
	4,133	5,735
Due in the second year		
Unsecured bank borrowings	**1,513**	8,205
Secured bank borrowings	**119**	215
Medium term notes	**6,877**	–
	8,509	8,420
Due in the third year		
Unsecured bank borrowings	**5,886**	1,635
Secured bank borrowings	**2,479**	174
Medium term notes	**2,208**	6,624
	10,573	8,433
Due in the fourth year		
Unsecured bank borrowings	**6,507**	3,005
Secured bank borrowings	**129**	2,755
Medium term notes	**5,956**	1,877
	12,592	7,637

10 Interest Bearing Liabilities (Continued)

	2023 HK$'M	2022 HK$'M
Due in the fifth year		
Unsecured bank borrowings	**10,647**	1,491
Secured bank borrowings	**284**	157
Medium term notes	**998**	6,014
	11,929	7,662
Due beyond the fifth year		
Secured bank borrowings	**6,762**	410
Medium term notes	**6,252**	7,417
	13,014	7,827
	60,750	45,714

Notes:

(i) After taking into account the cross currency swap contracts, except for bank borrowings of HK$5,807 million (2022: HK$5,625 million), HK$7,805 million (2022: HK$3,996 million), HK$3,644 million (2022: HK$3,759 million) and HK$13,115 million (2022: Nil) which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars respectively, all the other interest bearing liabilities are denominated in Hong Kong Dollars.

(ii) After taking into account the cross currency swap contracts and interest rate swap contracts, the effective interest rate of the interest bearing liabilities which are denominated in Hong Kong Dollars as at 31 March 2023 was 3.51% (2022: 2.21%) and that of the interest bearing liabilities which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars was 3.54% (2022: 3.68%), 4.70% (2022: 1.13%), 3.09% (2022: 1.44%) and 4.43% (2022: N/A) respectively.

11 Convertible Bonds

On 3 April 2019, the Group issued HK$4.0 billion convertible bonds at 1.60% per annum due 2024. These bonds are convertible into new Link units at an adjusted conversion price of HK$103.70 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 adjusted conversion price while bondholders have the right to require Link to redeem all or some only of the bonds on 3 April 2022. On 4 April 2022, the Group has, at the option of the bondholders, redeemed and cancelled part of the bonds at an aggregate principal amount of HK$3.213 billion representing approximately 80.3% of the initial principal amount of the bonds, together with interest accrued up to the date fixed for redemption but unpaid.

On 12 December 2022, the Group issued HK$3.3 billion convertible bonds at 4.50% per annum due 2027. These bonds are convertible into new Link units at an adjusted conversion price of HK$58.77 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 adjusted conversion price while bondholders have the right to require Link to redeem all or some only of the bonds on 12 December 2025.

The convertible bonds are unsecured. As at 31 March 2023, the effective interest rate of the convertible bonds was 4.96% (2022: 3.12%).

	2023	2022
	HK$'M	*HK$'M*
Liability component		
At 1 April	**4,031**	3,970
Issuance of convertible bonds	**3,120**	–
Finance costs	**70**	125
Interest expenses paid	**(81)**	(64)
Redemption	**(3,213)**	–
At 31 March	**3,927**	4,031
Derivative component		
At 1 April	**–**	32
Issuance of convertible bonds	**214**	–
Change in fair value	**22**	(32)
At 31 March	**236**	–
	4,163	4,031

12 Trade Payables, Receipts in Advance and Accruals

	2023	2022
	HK$'M	*HK$'M*
Trade payables	**121**	104
Receipts in advance	**446**	522
Accrued capital expenditure	**870**	765
Accrued interest	**165**	130
Accrued transaction costs for Rights Issue	**303**	–
Lease liabilities	**22**	5
Other accruals	**1,097**	1,174
	3,024	2,700

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

	2023	2022
	HK$'M	*HK$'M*
Within one year	**3,009**	2,695
After one year	**15**	5
	3,024	2,700

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

	2023	2022
	HK$'M	*HK$'M*
0–30 days	**82**	65
31–90 days	**13**	6
Over 90 days	**26**	33
	121	104

13 Units in Issue

	2023	2022
	Number of units	*Number of units*
At 1 April	**2,110,193,850**	2,081,862,866
Units bought back for cancellation	**(6,706,400)**	(1,264,000)
Units issued under distribution reinvestment scheme	**24,716,793**	29,594,984
Units issued under Rights Issue	**425,640,848**	–
At 31 March	**2,553,845,091**	2,110,193,850

Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Link) bought back a total of 6,706,400 units (2022: 1,264,000 units) at an aggregate price of HK$407 million (2022: HK$82 million). All units bought back were cancelled during the year.

During the year ended 31 March 2023, the Manager issued and allotted 24,716,793 units in total pursuant to the distribution reinvestment scheme in respect of the interim distribution for the six months ended 30 September 2022 and the final distribution for the financial year ended 31 March 2022.

Pursuant to the offering circular for Rights Issue dated 7 March 2023, the Group has offered nil paid rights and rights units based on one rights unit for every five units held by the unitholders on 6 March 2023. During the year ended 31 March 2023, 425,640,848 nil paid rights were issued, and 425,640,848 rights units were issued and allotted under the Rights Issue at the subscription price of HK$44.20 each to the qualifying unitholders with nil paid rights who subscribed the Rights Issue on 29 March 2023. The aggregate of the proceeds from Rights Issue of HK$18,813 million, the value of nil paid rights issued to Unitholders of HK$1,638 million, and after netting off the transaction costs of HK$303 million, amounting to HK$20,148 million was recognised as an increase in the net assets attributable to unitholders of Link.

Closing price of the units as at 31 March 2023 was HK$50.50 (2022: HK$67.00) per unit. Based on 2,553,845,091 units in issue as at 31 March 2023 (2022: 2,110,193,850 units), market capitalisation was HK$128,969 million (2022: HK$141,383 million).

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 2023 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 2023 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 COMPLIANCE MANUAL

With effect from 1 April 2023, the Manager's compliance manual (the ***Compliance Manual***) was updated to (i) incorporate the updated reserved matters of the Board and the terms of reference of the board committees and (ii) reflect the latest business practices and operations of Link (including the Manager).

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2023, Link and the Manager complied with the Code on Real Estate Investment Trusts (the ***REIT Code***), the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ***Listing Rules***), Link's trust deed (the ***Trust Deed***) and, in all material respects, the Compliance Manual. Link and the Manager also applied the principles and to the extent appropriate, complied with the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year, save and except code provision B.2.2. The Manager considers that a rigid application of code provision B.2.2 to our executive directors is not in the best interests of the Unitholders. Business continuity and longevity at the most senior levels of management work for the long-term benefit of Link. Frequent re-shuffles of the executive directorate, absent the anchor of a controlling Unitholder, may promote "short-termism". Any risk of entrenchment in office is counter-balanced by an overwhelming majority of independent non-executive directors on our Board, who have the collective power (and the Unitholders also have the same power under the Trust Deed) to remove a recalcitrant executive director of the Manager. The corporate governance report for the year ended 31 March 2023 of Link is set out in the Annual Report 2022/2023.

INFORMATION ON SECURITIES OF LINK

Issue of New Units

During the year under review, 450,357,641 new units of Link were issued, comprising (i) 4,009,589 new units issued on 2 August 2022 at an issue price of HK$64.357 per unit pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2022; (ii) 20,707,204 new units issued on 30 December 2022 at an issue price of HK$50.804 per unit pursuant to the distribution reinvestment scheme in respect of the interim distribution for the six months ended 30 September 2022; and (iii) 425,640,848 new units issued on 29 March 2023 pursuant to the Rights Issue (as defined below). Based on 2,553,845,091 units in issue as at 31 March 2023, the number of new units issued during the year under review represented approximately 17.63% of the issued units of Link.

Rights Issue

On 29 March 2023, Link completed the Rights Issue and issued 425,640,848 rights units to qualifying unitholders at the subscription price of HK$44.20 per rights unit on the basis of one (1) rights unit for every five (5) existing units in issue held on the record date (the ***Rights Issue***), raising approximately HK$18.8 billion before expenses (or approximately HK$18.5 billion after expenses). The closing price per unit as quoted on The Stock Exchange of Hong Kong Limited (the ***Stock Exchange***) on 9 February 2023, being the last trading day on the Stock Exchange before the release of the Rights Issue announcement, was HK$62.80 per unit. The net subscription price (being the subscription price less costs and expenses incurred in the Rights Issue) is approximately HK$43.50 per rights unit. The objective of the Rights Issue was to immediately strengthen Link's capital base and position us for the next phase of growth. Notwithstanding uncertainties over the macroeconomic environment, we are committed to pursuing growth under our Link 3.0 strategy, through which we aim to optimise our portfolio through diversification and to grow our AUM together with capital partners.

For details of the Rights Issue, please refer to the announcements dated 10 February and 28 March 2023 and the offering circular dated 7 March 2023 (the ***Offering Circular***) issued by Link.

Use of Proceeds from the Rights Issue

As disclosed in the Offering Circular, the net proceeds from the Rights Issue were approximately HK$18.8 billion before expenses and approximately HK$18.5 billion after deducting the related expenses. The net proceeds from the Rights Issue have been and will be used in the same manner as disclosed in the Offering Circular.

The proposed and actual use of the net proceeds under the Rights Issue up to 31 March 2023 are set out below:

	Proposed use of the net proceeds as stated in the Offering Circular *HK$'billion*	**Actual use of the net proceeds during the year ended 31 March 2023** *HK$'billion*	**Unutilised net proceeds as at 31 March 2023** *HK$'billion*	**Intended timeline for the use of the net proceeds** *HK$'billion*
Repay existing bank loans falling due in 2023	7-8	3.4	4	On 11 April 2023, a further HK$4 billion was used to repay the existing loans falling due in 2023
Repay revolving facilities maturing beyond 1 January 2024	1-2	1.8	–	–
Pursue future investment opportunities *(to be deposited with banks and/or financial institutions on a short-term basis or otherwise used in a manner consistent with the Manager's treasury management policies and in compliance with the REIT Code while pending deployment)*	8.5-10.5	HK$9.3 billion was deposited into banks	–	On 11 April 2023, approximately HK$0.1 billion was used to fund the completion of the acquisition of Changshu South logistics project announced on 12 May 2022. On 12 May 2023, approximately HK$0.2 billion was used to fund the completion of acquisition of Changshu North logistics project announced on 12 May 2022. The rest were deposited into banks.
Total	18.5	14.5	4	4

Buy-back of Listed Units

During the year under review, the Manager (on behalf of Link) bought back a total of 6,706,400 units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$407.10 million. Further details are set out as follows:

Month	Number of units bought back	Purchase price per unit		Approximate aggregate consideration (excluding expenses)
		Highest *HK$*	Lowest *HK$*	*HK$'M*
2022				
July	2,007,900	65.00	63.25	129.23
August	319,700	66.35	65.05	21.10
September	3,616,800	62.95	54.05	214.92
October	762,000	55.70	54.60	41.85

All the units bought back were cancelled prior to the end of the year under review.

Guaranteed Green Convertible Bonds due 2024

On 3 April 2019, Link CB Limited (formerly known as Link 2019 CB Limited) completed the issuance of HK$4,000,000,000 1.60% guaranteed green convertible bonds due 2024 (the ***2024 Convertible Bonds***), which are convertible into new units of Link at an initial conversion price of HK$109.39 per unit (subject to adjustment) with a maturity of five years. The 2024 Convertible Bonds were listed on the Stock Exchange on 4 April 2019 with stock code 5936.

The Board believes that the issue of the 2024 Convertible Bonds is in the best interests of Link and its unitholders as a whole, as the 2024 Convertible Bonds will replenish Link's maturing facilities, diversify Link's funding sources, expand its investor base and increase the trading liquidity of its units.

The net proceeds (after deduction of fees, commissions and other related expenses) of approximately HK$3,974,000,000 from the issue of the 2024 Convertible Bonds were intended to be used to refinance or fund, in whole or in part, existing and future eligible green projects selected in accordance with certain eligibility criteria as prescribed under and for general corporate purposes that fit Link's green finance framework. Accordingly, the net proceeds were used to refinance or fund Link's eligible green projects and general corporate purposes that fit its green finance framework.

On 4 April 2022, Link CB Limited, at the option of the bondholders, partially redeemed the 2024 Convertible Bonds at an aggregate principal amount of HK$3,213,000,000 (the ***Redeemed Bonds***), representing approximately 80.33% of the initial principal amount of the 2024 Convertible Bonds, together with interest accrued up to the date fixed for redemption but unpaid. All the Redeemed Bonds have been cancelled. As of the date of this announcement, the remaining aggregate outstanding principal amount of the 2024 Convertible Bonds is HK$787,000,000, representing approximately 19.67% of the initial principal amount of the 2024 Convertible Bonds.

The Rights Issue necessitated an adjustment to the conversion price of the 2024 Convertible Bonds pursuant to the terms and conditions of the 2024 Convertible Bonds. The conversion price of the 2024 Convertible Bonds was adjusted from HK$109.39 per unit to HK$103.70 per unit, and the number of new units to be allotted and issued upon conversion of all the outstanding 2024 Convertible Bonds was increased from 7,194,441 units to 7,589,199 units.

As of the date of this announcement, no conversion of the 2024 Convertible Bonds had been undertaken by holders.

For details of the issue, partial redemption and adjustment to the conversion price of the 2024 Convertible Bonds, please refer to the announcements dated 7 March, 8 March and 3 April 2019, 4 April 2022 and 1 March 2023 issued by Link.

Issue of Guaranteed Convertible Bonds due 2027

During the year under review, Link CB Limited completed the issuance of HK$3,300,000,000 4.50% guaranteed convertible bonds due 2027 (the ***2027 Convertible Bonds***) which are convertible into new units of Link at an initial conversion price of HK$61.92 per unit (subject to adjustment) with a maturity of five years. The 2027 Convertible Bonds were listed on the Stock Exchange on 13 December 2022 with stock code 5662.

The Board believes that the issue of the 2027 Convertible Bonds is in the best interests of Link and its unitholders as a whole as the 2027 Convertible Bonds will replenish Link's maturing facilities, diversify Link's funding sources and expand its investor base and possible increase in trading liquidity of units if and when converted.

The net proceeds (after deduction of fees, commissions and other related expenses) of approximately HK$3,269,000,000 from the issue of the 2027 Convertible Bonds were intended to be used to refinance existing obligations and for general corporate purposes. During the year under review, the net proceeds were used to refinance existing obligations and general corporate purposes accordingly.

The Rights Issue necessitated an adjustment to the conversion price of the 2027 Convertible Bonds pursuant to the terms and conditions of the 2027 Convertible Bonds. The conversion price of the 2027 Convertible Bonds was adjusted from HK$61.92 per unit to HK$58.77 per unit, and the number of new units to be allotted and issued upon conversion of all the outstanding 2027 Convertible Bonds was increased from 53,294,573 units to 56,151,097 units.

As of the date of this announcement, no conversion of the 2027 Convertible Bonds had been undertaken by holders and no redemption of the 2027 Convertible Bonds was made by Link CB Limited.

For details of the issue and adjustment to the conversion price of the 2027 Convertible Bonds, please refer to the announcements dated 22 November, 23 November, 12 December and 13 December 2022 and 1 March 2023 and the offering circular dated 7 December 2022 issued by Link.

Save as disclosed above, neither the Manager nor any of Link's subsidiaries bought back, sold, issued or redeemed any of Link's listed securities during the year under review.

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, ANNUAL GENERAL MEETING OF UNITHOLDERS AND CLOSURE OF REGISTER OF UNITHOLDERS

Final Distribution

The final distribution of HK118.80 cents per unit for the year ended 31 March 2023 will be paid on Tuesday, 1 August 2023, to those Unitholders whose names appear on the register of Unitholders of Link on Friday, 23 June 2023. For the purpose of ascertaining Unitholders' entitlement to the final distribution, the register of Unitholders of Link will be closed from Monday, 19 June 2023 to Friday, 23 June 2023, 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 Friday, 16 June 2023.

Distribution Reinvestment Scheme

A distribution reinvestment scheme will be available to eligible Unitholders, who may elect to receive the final distribution for the year ended 31 March 2023, wholly in cash or wholly in new units or a combination of both. An announcement giving further information about this scheme will be published on or around Friday, 23 June 2023, 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, 30 June 2023.

Annual General Meeting of Unitholders

The forthcoming annual general meeting of Unitholders of Link will be held on Wednesday, 19 July 2023 (the ***2023 AGM***). 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.

For the purpose of ascertaining Unitholders' right to attend the forthcoming annual general meeting of Unitholders of Link to be held on Wednesday, 19 July 2023, the register of Unitholders of Link will also be closed from Friday, 14 July 2023 to Wednesday, 19 July 2023, 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, 13 July 2023.

DESPATCH OF ANNUAL REPORT 2022/2023

The Annual Report 2022/2023 of Link will be available on the websites of the Stock Exchange and Link and be despatched to Unitholders on or around Friday, 16 June 2023.

APPRECIATION

The Board is delighted to welcome Ms Melissa WU Mao Chin, who was appointed as an independent non-executive director of the Manager (***Independent Non-Executive Director***) and a member of the Audit and Risk Management Committee on 3 April 2023.

The Board would like to thank the management team and all staff for their professionalism, commitment and contribution. Without their skills and dedicated service, Link would not have secured the support and loyalty of our tenants and communities that we serve. The Board also wishes to extend its appreciation to all our customers and shoppers, tenants, suppliers, Unitholders and regulators alike for their continuous support and confidence in Link.

RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND CHANGES TO THE COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE

Retirement of Independent Non-Executive Directors

The Board announces that Ms Nancy TSE Sau Ling (***Ms Nancy TSE***) and Mr Peter TSE Pak Wing (***Mr Peter TSE***), both of whom will complete their respective maximum 9-year term of service in July 2023, will retire as Independent Non-Executive Directors of the Manager at the conclusion of the 2023 AGM.

Each of Ms Nancy TSE and Mr Peter TSE has confirmed that she/he has no disagreement with the Board nor are there any matters relating to her/his retirement that need to be brought to the attention of Unitholders.

The Board would like to thank Ms Nancy TSE and Mr Peter TSE for their dedicated service and invaluable contributions to Link.

Changes to the Composition of Audit and Risk Management Committee

The Board also announces the following changes to the composition of the Audit and Risk Management Committee:

(i) Mr Peter TSE will retire as the chair of the Audit and Risk Management Committee effective from the conclusion of the 2023 AGM;

(ii) Ms Nancy TSE will retire as a member of the Audit and Risk Management Committee effective from the conclusion of the 2023 AGM;

(iii) Ms Melissa WU Mao Chin, an Independent Non-Executive Director and currently a member of the Audit and Risk Management Committee, will succeed Mr Peter TSE as the chair of the Audit and Risk Management Committee effective from the conclusion of the 2023 AGM; and

(iv) Mr Nicholas Charles ALLEN, an Independent Non-Executive Director, the chair of the Board, the Finance and Investment Committee and the Nomination Committee of the Manager, will join the Audit and Risk Management Committee as a member effective from the conclusion of the 2023 AGM.

Composition of the Board and Board Committees

The Manager confirms that following the above-mentioned changes, the composition of the Board and each of the four board committees complies with the requirements of its corporate governance policy as set out in the Compliance Manual.

The composition of the Board and the four board committees of the Manager effective from the conclusion of the 2023 AGM is set out below:

Name	Board	ARMC	FIC	NC	RC
Independent Non-Executive Directors					
Nicholas Charles ALLEN	C	M	C	C	
Christopher John BROOKE	M		M		M
Ed CHAN Yiu Cheong	M		M		M
Jenny GU Jialin	M	M			
Lincoln LEONG Kwok Kuen	M	M			
Blair Chilton PICKERELL	M			M	C
Poh Lee TAN	M	M		M	
Melissa WU Mao Chin	M	C			
Non-Executive Director					
Ian Keith GRIFFITHS	M		M		
Executive Directors					
George Kwok Lung HONGCHOY *(CEO)*	M		M	M	
NG Kok Siong *(CFO)*	M		M		

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

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

Hong Kong, 31 May 2023

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

Chair (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
Jenny GU Jialin
Lincoln LEONG Kwok Kuen
Blair Chilton PICKERELL
Poh Lee TAN
Peter TSE Pak Wing
Nancy TSE Sau Ling
Melissa WU Mao Chin