MILESTONES

Completion of re-financing transaction for HK$4 billion with The Hong Kong Mortgage Corporation Limited

International Council of Shopping Centres presented the Silver Award in the Community Relations Category of the MAXI Awards to The Link REIT for its corporate citizenship project — "The Link Fun Academy"

Kwai Fong Shopping Centre completed its asset enhancement works

APRIL 2009

AUGUST 2009

OCTOBER 2009

NOVEMBER 2009

Six of the The Link REIT's shopping centres were recognised for quality water management by Water Supplies Department

Cheung Fat Shopping Centre completed its asset enhancement works

The Link REIT hired an additional 232 staff to completely take over the on-site property management across the portfolio to enhance services quality. It also awarded HK$900 million worth of contracts for front line cleaning, security and maintenance services

MAY 2009

Concluded with CLP a memorandum of understanding on a pioneer charging network to promote wider adoption of electric vehicles in Hong Kong

Wo Che Commercial Centre completed its asset enhancement works

JUNE 2009

Revealed the newly revamped Fu Tung Shopping Centre

Business Environmental Council and Prime Communications Limited presented to The Link REIT the "Prime Awards for Eco-Business" for its contribution to the environment

The Link REIT was given three awards at the Construction Innovation Award organised by Hong Kong Institute of Construction Managers for its rejuvenation project of Wong Tai Sin Cooked Food Stall

Wong Tai Sin Plaza completed its asset enhancement project

JANUARY 2010

Hing Wah Plaza completed its asset enhancement works

FEBRUARY 2010

Butterfly Shopping Centre completed its asset enhancement works

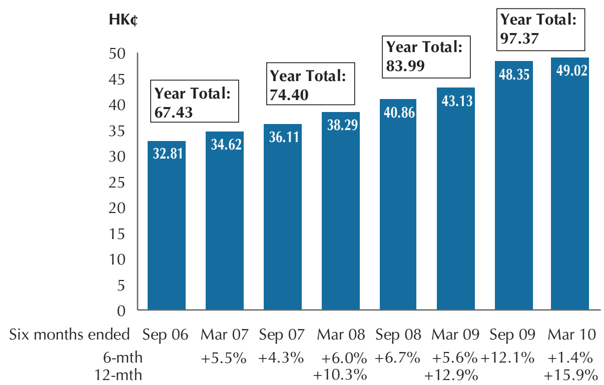
MAY 2010

Mr George Hongchoy appointed as CEO of The Link Management Limited on 17 May 2010

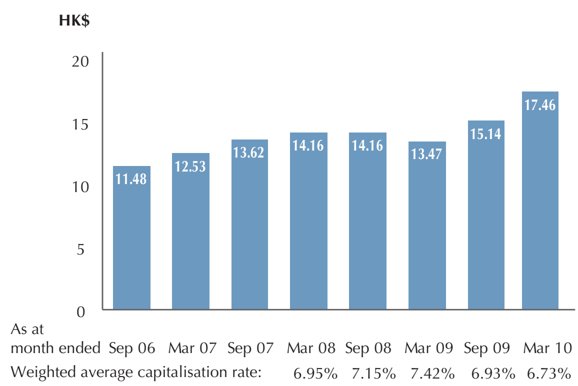
HIGHLIGHTS

This financial year was a period of continued and strong growth for The Link REIT. The Manager entered the financial year cautiously but The Link REIT's portfolio proved resilient in challenging economic circumstances. The economic conditions in Hong Kong turned out to be better than what the Manager had expected. Distribution per unit increased by 15.9% year-on-year, extending The Link REIT's consistent track record of growing its DPU. Buoyed largely by a rise in values of investment properties, net asset value per unit increased by 29.6% to HK$17.46 (2009: HK$13.47).

Track Record of Growth in Distribution Per Unit

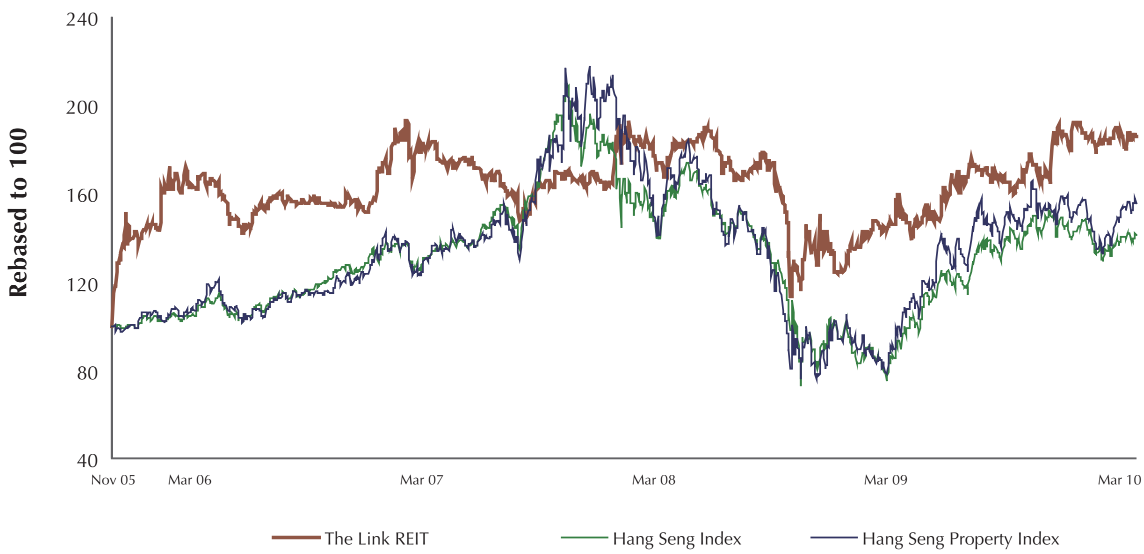


Changes in Net Asset Value Per Unit



On the back of delivering consistent growth in DPU, The Link REIT's unit price has since listing performed well compared with the broader market. From its listing in November 2005 to 31 March 2010, The Link REIT has delivered to investors compound average total returns of 19.8% per annum, which is a combination of distribution income and unit price appreciation.

The Link REIT's Unit Price Performance Since Initial Public Offering



(From 25 November 2005 to 31 March 2010)

Within The Link REIT's portfolio of properties, retail properties are the main contributors to revenue. Amidst active management, average monthly unit rent for the retail properties rose by 7.7% year-on-year to HK$30.6 per square foot as at 31 March 2010 to maintain a record of continuous growth since The Link REIT's listing in November 2005. Within retail properties, shops occupy the majority of space and performed well with average unit rent for shops at end March 2010 rising by 7.4% from a year ago. The Manager is pleased that average rent and occupancy rate in its retail properties rose in the financial year, demonstrating the strength of demand for space in the portfolio. Based on sales turnover data collected from an increasing number of our tenants, the Manager believes that rents charged by The Link REIT at its retail properties are generally at a sustainable level.

Lung Cheung Plaza

FINANCIAL HIGHLIGHTS

Net property income rose 18.6% and distributable income rose 17.3% as revenue grew by 10.8% and operating expenses declined by 2.1% in the financial year under review.

	Year ended 31 March 2010 *(HK$'M)*	Year ended 31 March 2009 *(HK$'M)*	YoY Growth *(%)*
Revenue	4,990	4,503	10.8
Property Operating Expenses	(1,662)	(1,698)	(2.1)
Net Property Income	3,328	2,805	18.6
Change in Fair Values of Investment Properties	9,809	(1,865)	N/A
Interest Income and Other Expenses	(697)	(608)	14.6
Taxation	(2,077)	290	N/A
Profit for the year	10,363	622	1,566.1
Total Distributable Income	2,134	1,819	17.3
Distribution Per Unit (HK cents)	97.37	83.99	15.9

This item impacted accounting profit but not distributable income. More details are provided on pages 117 to 118

Within this item, a drop of 10.4% in general and administrative expenses and a rise of 21.7% in net financing costs in the year under review

This comprised profit tax of HK$283 million and deferred tax of HK$1,794 million in the year under review

Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after taxation attributable to Unitholders (equivalent to profit for the year, before transactions with Unitholders) adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated income statement for the relevant year

This comprised final distribution per unit of HK49.02 cents and the interim distribution per unit of HK48.35 cents for the year under review. As at 31 Mar 2010, there were 2,202,043,479 units in issue

Revenue Analysis

Total revenue for the year ended 31 March 2010 was HK$4,990 million (2009: HK$4,503 million) comprising income from retail properties of HK$3,699 million (2009: HK$3,260 million), income from car park operations of HK$1,005 million (2009: HK$982 million) and income from other sources of HK$286 million (2009: HK$261 million).

	Year ended 31 March 2010 *(HK$'M)*	Year ended 31 March 2009 *(HK$'M)*	YoY Growth *(%)*	Percentage contribution for the year ended 31 March 2010 *(%)*
Rental income:				
Shops	**2,841**	2,467	15.2	57.0
Shops — Turnover rent	**70**	63	11.1	1.4
Markets	**522**	491	6.3	10.5
Cooked Food Stalls	**50**	40	25.0	1.0
Education/Welfare	**45**	46	(2.2)	0.9
HD Office	**10**	23	(56.5)	0.2
Ancillary	**70**	62	12.9	1.4
Mall Merchandising	**91**	68	33.8	1.8
Gross revenue from car park:				
Monthly	**769**	763	0.8	15.4
Hourly	**236**	219	7.8	4.7
Expense recovery and other miscellaneous income:				
Property related income	**286**	261	9.6	5.7
	4,990	4,503	10.8	100.0

Property Operating Expenses Analysis

Total property operating expenses for the year ended 31 March 2010 fell 2.1% to HK$1,662 million (2009: HK$1,698 million) due in part to declines in property managers' fees, security and cleaning expenses, and utilities expenses.

	Year ended 31 March 2010 *(HK$'M)*	**Year ended 31 March 2009 *(HK$'M)***	**YoY *(%)***
Property managers' fees, security and cleaning	474	541	(12.4)
Staff costs	176	166	6.0
Utilities	316	344	(8.1)
Repairs and maintenance	177	224	(21.0)
Government rent and rates	127	115	10.4
Promotion and marketing expenses	80	103	(22.3)
Other property operating expenses	214	109	96.3
Estate common area costs	98	96	2.1
Total property expenses	**1,662**	**1,698**	**(2.1)**

The 8.1% drop in utilities was driven by sustainable improvements to the air-conditioning system, new lighting system and new centralised power monitoring system

After the move to direct management in Nov 2009, we are currently reviewing the level of repairs and maintenance and refining programme maintenance in the coming year

Increase was due to more property titles having been transferred to The Link REIT

Provision for car park waiver fees is one of the contributing factors to the increase

DRIVERS OF OUR REVENUE GROWTH

1 Composite Reversion Rate

Why this matters?
- Compares newly achieved rents with rental rates from leases which expired during this financial year
- Looks at like for like space, typically excludes space at properties undergoing asset enhancement
- Indicator of growth coming from stable properties

What happened?
- Composite reversion rate for retail properties was strong at 20.5% for the year under review
- Composite reversion rate for shops, which was the largest revenue contributor, was 23.7% for the year under review
- Enjoyed a full year's impact of reversion of 25.2% and 28.5% for retail properties and shops respectively on leases which commenced in the year ended 31 March 2009

Composite Reversion Rate

	Year ended 31 March 2010 *(%)*	6 months ended 30 September 2009 *(%)*	Year ended 31 March 2009 *(%)*	**% of total IFA (exclude Self use office) as at 31 March 2010** *(%)*
Shops	**23.7**	25.3	28.5	80.8
Markets	**13.5**	10.2	13.3	8.0
Cooked Food Stalls	**14.8**	24.6	11.6	1.3
Education/Welfare	**(0.3)**	1.1	10.8	8.2
HD Office	**2.1**	—	—	1.6
Ancillary	**11.5**	2.0	22.2	0.1
Overall Retail Properties	**20.5**	22.0	25.2	100.0
Overall excluding Education/Welfare	**21.4**	22.2	25.3	91.8

2 Occupancy Rate

Why this matters?
- Reflection of demand for space in the portfolio
- Team is dedicated to fill vacant space

What happened?
- Overall occupancy rate rose from 87.4% a year ago to 90.6% as at 31 March 2010
- Occupancy rate at stable centres was 90.1% as at 31 March 2010
- Focusing only on stable centres, the occupancy rate for shops, which accounts for the largest portion of leasable area, was 92.5% as at 31 March 2010
- Overall occupancy rate was adversely impacted by the Housing Department vacating office space and such space is generally difficult to fill

Portfolio Occupancy Analysis

	As at 31 March 2010			As at 31 March 2009		
	Total IFA excluding Self use office *('000 sq ft)*	Occupancy rate *(%)*	Average monthly unit rent per leased IFA *(HK$ psf)*	Total IFA excluding Self use office *('000 sq ft)*	Occupancy rate *(%)*	Average monthly unit rent per leased IFA *(HK$ psf)*
Overall	10,827	90.6	30.6	10,905	87.4	28.4
Development Centres	1,879	93.1	39.2	2,865	76.3	35.3
Stable Centres	8,948	90.1	28.7	8,040	91.4	26.4

Analytics — Stable Centres

Category	Total IFA 31 March 2010 *(sq ft)*	Leased IFA 31 March 2010 *(sq ft)*	Vacant IFA 31 March 2010 *(sq ft)*	Average monthly unit rent per leased IFA 31 March 2010 *(HK$ psf)*	Occupancy rate 31 March 2010 *(%)*
Shops	7,111,400	6,575,921	535,479	28.6	92.5
Markets	699,607	564,891	134,716	61.6	80.7
Cooked Food Stalls	126,090	102,523	23,567	33.4	81.3
Education/Welfare	832,410	771,411	60,999	4.4	92.7
HD Office	172,444	38,466	133,978	13.1	22.3
Ancillary	6,529	6,509	20	127.4	99.7
Total excluding Self use office	**8,948,480**	**8,059,721**	**888,759**	**28.7**	**90.1**
Self use office	116,054				
Total including Self use office	9,064,534				
Total excluding Self use office, Education/Welfare, HD office and Ancillary	**7,937,097**	**7,243,335**	**693,762**	**31.3**	**91.3**

3 Contribution From Completed Asset Enhancement Projects

Why this matters?

- Properties that have undergone upgrading works typically see improved performance
- This metric is increasingly important as more AEIs are completed
- This metric looks at returns achieved on the capital expenditures

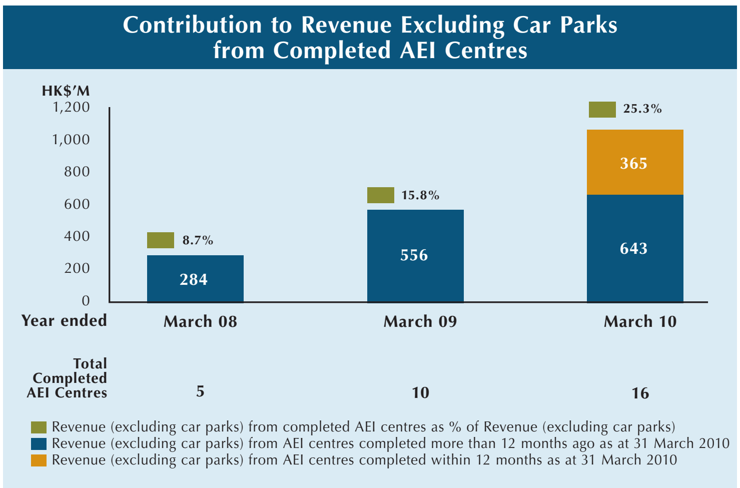
What happened?

- Cumulatively, 16 centres where asset enhancement works have been completed to date accounted for 25.3% of revenue excluding car parks
- Six centres completed in this financial year achieved returns on investment of between 15.7% to 32.8%, exceeding our 15% hurdle rate
- Also benefited from full year contribution from 5 asset enhancement properties completed in the year ended 31 March 2009

Return on Investment of AEI centres completed in the year ended 31 March 2010

	Total Capex *(HK$'M)*	Return on Investment *(%)*
Kwai Fong	27.6	15.7*
Wong Tai Sin	130.6	23.2*
Wo Che	58.8	25.3*
Cheung Fat	136.4	23.5
Hing Wah	34.9	20.1
Butterfly	95.5	32.8

* updated figures



OUR FINANCIAL POSITION AND VALUATION

The Link REIT's financial position remains strong with low gearing. Net asset value per unit rose from HK$13.47 a year ago to HK$17.46 as at 31 March 2010.

Financial Position Summary

(HK$'M)	**As at 31 March 2010**	As at 30 September 2009	As at 31 March 2009
Current Assets	**1,076**	991	1,372
Non Current Assets	**57,855**	51,620	47,308
Total Assets	**58,931**	52,611	48,680
Current Liabilities	**1,807**	1,762	1,689
Non Current Liabilities	**18,680**	17,833	17,790
Total Liabilities	**20,487**	19,595	19,479
Net Assets Attributable to Unitholders	**38,444**	33,016	29,201
Units in Issue *('000)*	**2,202,043**	2,180,865	2,167,040
Net Asset Value Per Unit *(HK$)*	**17.46**	15.14	13.47

Movement of NAV

	Net Asset Value	
	Total *HK$'M*	Per Unit *HK$*
Net asset value as at 1 April 2009	29,201	13.47
Net increase due to issuance of units under the distribution reinvestment plan	643	0.29
Dilution of NAV per unit due to the distribution reinvestment plan	—	(0.21)
Distributable income for the year ended 31 March 2010	2,134	0.97
Other non-cash items	39	0.02
Change in fair values of investment properties	9,809	4.45
Deferred tax on change in fair values of investment properties	(1,619)	(0.73)
Movement from cash flow hedges	227	0.10
Less: Final distribution for the year ended 31 March 2009 and interim distribution for the year ended 31 March 2010	(1,990)	(0.90)
Net asset value as at 31 March 2010	38,444	17.46

Increase mainly due to rise in fair values of investment properties

Largest component here is cash and deposit holdings. See page 94 for details

See page 94 for more details

Largely comprised borrowings and deferred tax liabilities. See page 94 for details

Increase due to issue of units under the distribution reinvestment plan

Change in Fair Values of Investment Properties

	Year ended 31 March 2010 *(HK$'M)*	Year ended 31 March 2009 *(HK$'M)*	Increase/(Decrease) *(%)*
At beginning of year	**43,255**	44,307	N/A
Additions	**717**	813	N/A
Change in fair values of investment properties	**9,809**	(1,865)	N/A
At end of year	**53,781**	43,255	24.3

Refers to capitalised expenditures. No property was acquired or disposed of during the year

Movements in Valuation

31 March 2009 — 31 March 2010	*(HK$'M)*	
• Effect of NPI increase, changes in market growth assumptions etc *(approximate figure)*	6,352	
• Effect of lower discount and capitalisation rate etc *(approximate figure)*	4,174	
• Embedded in valuation movements – HK$717 million of AEI and other capitalised expenditure	10,526	
• Uplift for retail properties	9,855	(27.8%)
• Uplift for car parks	671	(8.6%)

Valuation Drivers

	As at 31 March 2010	As at 30 September 2009	As at 31 March 2009
Retail *(HK$'M)*	**45,315**	39,589	35,460
Car Park *(HK$'M)*	**8,466**	7,982	7,795
Total *(HK$'M)*	**53,781**	**47,571**	**43,255**
Retail IFA *(sq ft)*	**10,972,488**	10,938,684	11,064,350
Per sq ft — Retail *(HK$)*	**4,130**	3,619	3,205
No. of Parking Spaces	**79,485**	79,485	79,485
Per Parking Space *(HK$)*	**106,504**	100,424	98,066
Income Capitalisation Approach — Capitalisation Rate			
Retail Properties	**5.50-7.56%**	5.71-8.01%	6.25-8.53%
Retail Properties: Weighted Average	**6.46%**	6.65%	7.15%
Car Park	**6.00-10.00%**	5.50-10.20%	6.50-10.90%
Car Park: Weighted Average	**8.47%**	8.66%	8.89%
Overall Weighted Average	**6.73%**	6.93%	7.42%
DCF Approach			
Discount Rate	**8.00-11.40%**	8.20-11.60%	8.50-11.70%

Valuation undertaken by Knight Frank based on discounted cash flow (DCF) and income capitalisation approaches with more weight given to discounted cash flow approach

Variations in IFA is due to a combination of space changes resulting from AEIs or other renovation works

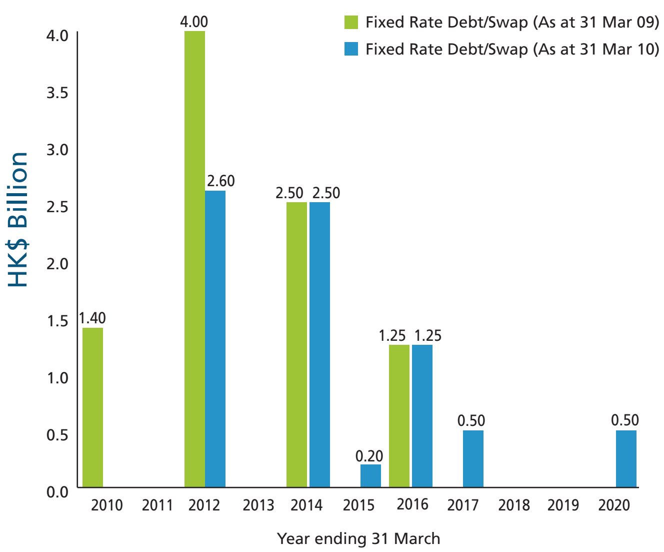
CAPITAL MANAGEMENT

Highlights

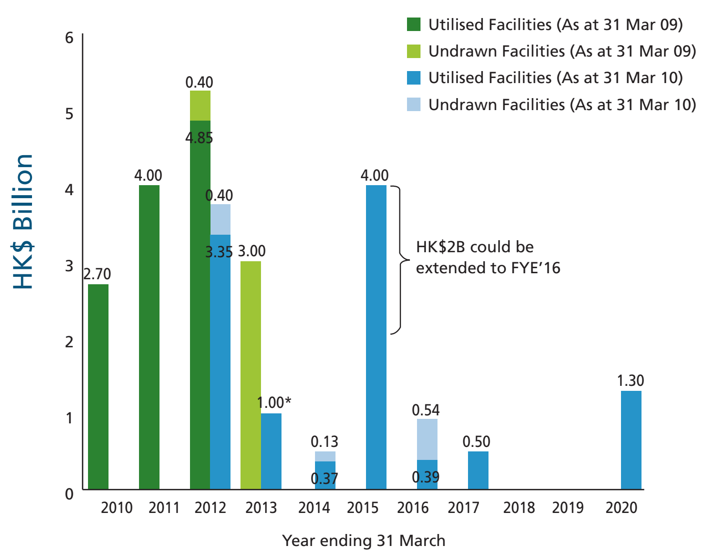
- Focused on diversifying source of financing, extending and spreading debt maturity, and managing interest rate exposure
- Debt to total assets ratio stood at 18.4% after executing the following transactions during the financial year:
  - (i) issued a total of HK$1.8 billion unsecured notes under Guaranteed Euro Medium Term Note programme with maturities between 7 years and 10 years
  - (ii) arranged a total of HK$1.5 billion new bilateral loans with maturities between 4 years and 6 years
  - (iii) extended the HK$4 billion mortgage loan to the year 2014/15
  - (iv) repaid HK$1.4 billion guaranteed notes, HK$1.3 billion bilateral loans and HK$1.5 billion syndicated loan

	As at 31 March 2010	As at 31 March 2009
Borrowings (face value)	**HK$10.91B**	HK$11.55B
Gearing (debt:total assets)	**18.4%**	23.7%
Average outstanding life of debt facilities	**3.9 years**	2.4 years
Proportion of liabilities at fixed rate (after swaps)	**69%**	79%
Average outstanding life of fixed rate debt/swaps	**3.8 years**	3.3 years
Effective interest rate	**4.30%**	4.16%

Fixed Rate Debt/Swap Maturity Profile



Maturity Profile of Committed Facilities

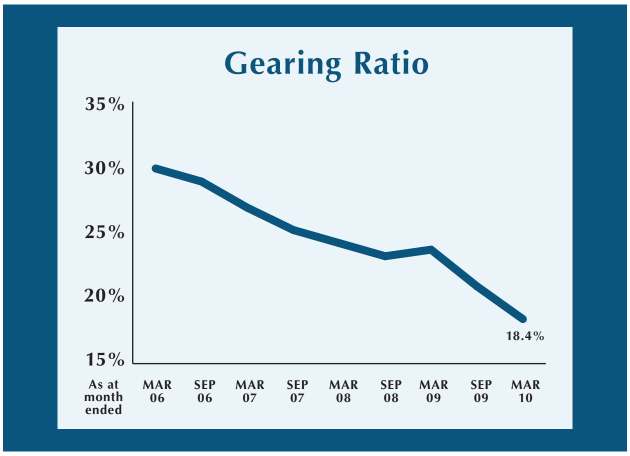


* Subsequent to 31 March 2010, HK$0.3 billion loan was repaid from a 7-year Medium Term Note issue of the same amount.

Committed Debt Facilities^

As at 31 March 2010 *(HK$'B)*	Fixed Rate Debt*	Floating Rate Debt*	Utilised Facilities	Undrawn Facilities	Total Facilities
HKMC Loan	3.75	0.25	4.00	—	4.00
2006 Syndicated Loan	3.00	0.10	3.10	0.40	3.50
2009 Club Loan	—	1.00	1.00	—	1.00
Bilateral Loans	—	1.01	1.01	0.67	1.68
Medium Term Note	0.80	1.00	1.80	—	1.80
Total	**7.55**	**3.36**	**10.91**	**1.07**	**11.98**
Percentage	**69%**	**31%**	**91%**	**9%**	**100%**

* after interest rate swaps
^ all amounts are at face value



Liquidity, Ratings and Covenants

Liquidity Available	As at 31 March 2010	As at 31 March 2009
• Standby committed facilities (undrawn)	HK$1.07B	HK$0.70B
• Cash on hand	HK$0.88B	HK$1.23B
• Total liquidity	HK$1.95B	HK$1.93B

Stable Credit Ratings

- Standard and Poor's: A grade and stable outlook (25 March 2010)
- Moody's Investors Service: A3 grade with stable outlook (19 March 2010)

Financial Covenants	Actual as at 31 March 2010	Covenant
• EBITDA:interest expense	5.6:1	>2:1
• Gearing (debt:total assets)	18.4%	<45%
• Secured debt	HK$4B	<HK$7B
• Unsecured debt:unencumbered properties	14.2%	<45%

REVIEW, STRATEGY AND OUTLOOK

Overall Portfolio

The Manager will continue to execute on providing quality retail facilities and services for the benefit of retailers, shoppers and the Hong Kong communities we serve. In managing The Link REIT's portfolio of properties, the Manager is striving for long term sustainable growth in income. As it drives to achieve growth in the business, the Manager will endeavour to serve the interests of all stakeholders namely retailers, shoppers, communities, staff, investors and debt holders.

The Manager has a four prong income growth strategy, comprising of driving revenue from stabilised retail properties, driving incremental revenue from completed asset enhancement initiatives, managing costs as part of improving the quality of services to The Link REIT's tenants and customers, and containing finance cost by better management of capital structure and finance risk. The Manager is focusing on driving growth from its retail properties with the thrust being to improve shopping environment and choice so as to capture spending predominantly from persons in the primary catchment areas of these properties.

While the size of The Link REIT's portfolio, which has over 11,400 leases spread out geographically across Hong Kong, makes management of the portfolio challenging, the Manager sees advantages in having size as it diversifies risks. The focus for driving growth and investing to upgrade properties in the portfolio will concentrate on the larger assets given they are the major contributors to revenue and valuation. The Manager sees good growth prospects for the retail properties and a somewhat weak outlook for car park assets.

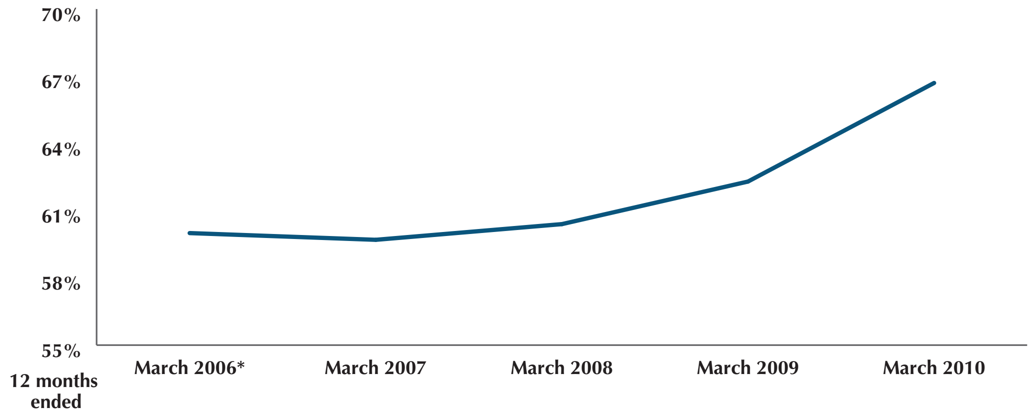
Net property income margin has been rising, driven largely by strong income growth and supported by active management of costs. The Manager expects improvement in operating margin to continue. While focusing on managing costs, the Manager will ensure that adequate expenses are being allocated to improve maintenance, security and safety standards at its retail and car park properties, thereby raising property management standards at these properties. The Manager wants to build a business where growth can be sustained over the longer term and to support tenants trading well in quality retail facilities.

Portfolio Breakdown by Properties

Properties*	Total revenue for year ended 31 March 2010			Total valuation as at 31 March 2010			
			Cumulative			Cumulative	WACR**
	(HK$'M)	*(%)*	*(%)*	*(HK$'M)*	*(%)*	*(%)*	*(%)*
1 — 10	1,155	23	23	14,531	27	27	6.16
11 — 50	2,117	42	65	22,836	42	69	6.72
51 — 100	1,231	25	90	12,163	23	92	7.01
101 — 180	487	10	100	4,251	8	100	7.84
Total	**4,990**	**100**		**53,781**	**100**		**6.73**

* Properties are ranked by revenue contribution
** WACR = Weighted Average Capitalisation Rate

Net Property Income Margin



*Note:** Period from 25 November 2005 to 31 March 2006

Retail Portfolio

Within the 151 properties with a retail component, the Manager has been driving growth across all the properties, particularly the larger ones. Larger properties generally achieve higher absolute rental levels and faster growth in rental rates than the smaller ones.

Portfolio Breakdown by Retail Properties

Retail Properties*	Total IFA as at 31 March 2010 ('M sq ft)	(%)	Cumulative (%)	Average monthly unit rent per leased IFA as at 31 March 2010 (HK$ psf)	Change in average monthly unit rent 31 March 2010 vs 31 March 2009 (%)
1-10	1.9	17	17	44.9	7.1
11-50	4.7	43	60	32.0	8.6
51-100	3.4	31	91	23.6	2.6
101-151	1.0	9	100	18.5	12.7
Total	**11.0**	**100**		**30.6**	**7.7**

* Properties are ranked by retail revenue contribution

By IFA, space at retail properties occupied by shops is the highest. The Manager will be working towards driving further improvements in occupancy rate of shops at stable centres. While leasing out some of the vacant space may fetch relatively lower rents given their disadvantageous locations within a particular property, filling up space contributes to income as property operating costs are relatively fixed.

Average monthly unit rent for markets is high due in part to the relatively small size of each stall. Vacancy level at markets is relatively high. The Link REIT currently leases out certain markets to single operators while leasing out space at others directly to individual stall holders. The Manager will continue to adopt this mixed strategy of leasing to single operators and to individual market stall holders directly depending on the suitability of individual markets.

The Manager sees vacancy rate for Housing Department office space continuing to increase as it expects the Housing Department to continue vacating space when its leases expire and to take up space at government properties. Filling up space vacated by Housing Department will be difficult but on a portfolio basis, amount of space occupied by Housing Department is relatively small.

Retail Portfolio Summary

Category *(as at 31 March 2010)*	**Total IFA** *(sq ft)*	**Occupancy rate** *(%)*	**Average monthly unit rent per leased IFA** *(HK$ psf)*
Shops	8,749,422	92.8	30.3
Markets	866,969	81.1	63.5
Cooked Food Stalls	143,398	80.6	36.1
Education/Welfare	883,991	93.1	4.4
HD Office	176,254	21.8	13.1
Ancillary	7,143	99.4	130.5
Total excluding Self use office	**10,827,177**	**90.6**	**30.6**
Self use office	145,311		
Total including Self use office	10,972,488		
Total excluding Self use office and Education/Welfare only	**9,943,186**	**90.4**	**33.0**
Total excluding Self use office, Education/Welfare, HD Office and Ancillary	**9,759,789**	**91.6**	**33.0**

The Link REIT's retail properties cater mainly to the day-to-day shopping needs of housing estate residents living within the immediate proximity of its properties. Even as the Manager upgrades the retail properties, the Manager expects trade mix in the retail properties to remain relatively stable given the focus of the assets will continue to be on serving the day-to-day shopping needs of neighbourhood residents.

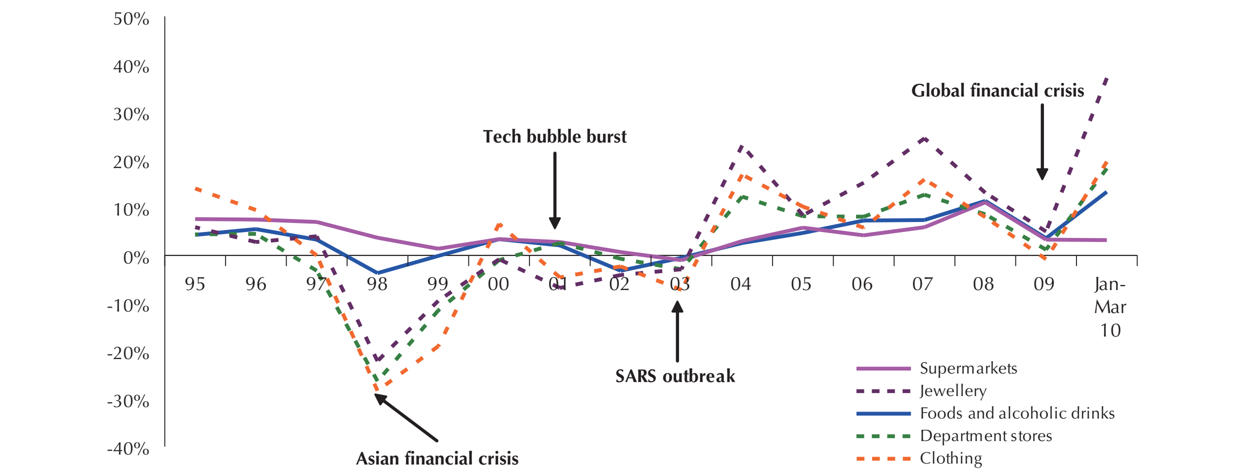
Changes in Retail Trade Mix

	Leased IFA (sq ft)		**% of Leased IFA**		**% of Monthly Rent**	
As at	**31 March 2010**	31 March 2006	**31 March 2010**	31 March 2006	**31 March 2010**	31 March 2006
Food and Beverage	3,085,169	3,139,107	31.5	33.2	25.4	23.6
Supermarket and Foodstuff	1,784,950	1,613,504	18.2	17.1	23.1	23.8
Services	922,045	840,498	9.4	8.9	10.5	9.9
Market Stall	373,107	433,685	3.8	4.6	8.5	10.5
Personal Care, Medicine, Valuable Goods, Optical, Books and Stationery	558,881	554,398	5.7	5.9	7.9	7.8
Single Operator Market	329,855	294,180	3.4	3.1	6.4	7.0

As The Link REIT's retail trade mix is inclined towards consumer staples, which historically demonstrate resilience throughout economic cycles, the Manager is confident that retailers within The Link REIT's retail portfolio will generally show steady performance. The Manager expects The Link REIT to benefit from improvement in domestic consumption in Hong Kong.

Hong Kong Retail Sales Performance by Trade Category

Year-on-Year Change of Selected Trade Categories



Source: Census and Statistics Department

The defensiveness of The Link REIT's portfolio is accentuated by tenant diversification and exposure to leading retail groups. As at 31 March 2010, the top 10 tenants accounted for 23% of IFA and 32% of monthly rent while the top 50 tenants accounted for 36% of IFA and 47% of monthly rent. The Manager will continue to ensure tenant diversification across the portfolio as it believes that competition among retailers benefits shoppers. The Manager is intent on deepening relationships with its largest tenants, maintaining an ongoing presence of quality independent operators and bringing new retailers into its properties.

Top 10 Tenants

Tenant Group	Trade	Leased IFA (sq ft)
The Dairy Farm Co. Ltd.	Supermarket, health and beauty, convenience store	736,665
A.S. Watson Group (HK) Ltd.	Supermarket, personal care, wine cellar	517,921
McDonald's Restaurants (HK) Ltd.	Food and beverage operator	193,596
Café De Coral Holdings Ltd.	Food and beverage operator	192,188
Wang On Majorluck Ltd.	Single operator market/Single operator shopping centre	175,894
Maxim's Caterers Ltd.	Food and beverage operator	168,698
China Resources Retail (Group) Co. Ltd.	Supermarket, personal care	149,926
Japan Home Centre (HK) Ltd.	Electrical and household products	148,894
Fairwood Fast Food Ltd.	Food and beverage operator	101,532
Convenience Retail Asia Ltd.	Convenience store, bakery and cake shop	86,792

(as at 31 March 2010, in order of leased IFA)

To support local communities and to incorporate local elements into each property, the Manager is focused on ensuring a strong presence of quality independent operators across The Link REIT's retail properties. Using size of space occupied as an indication of presence of quality independent operators, the Manager believes that ever since the IPO there continues to be a strong presence of quality independent operators in The Link REIT's retail properties. As at 31 March 2010, 4,582 out of a total of 5,212 leases of shops were accounted for by users occupying 2,500 sq ft or less of space.

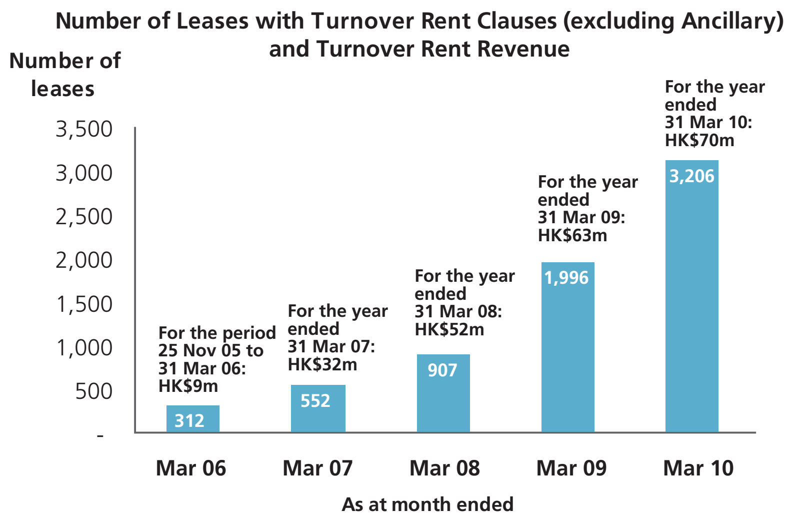
Breakdown by Size of Shops' Leases

Shops only *(sq ft)*	31 March 2006 No. of leases	% of total	Leased IFA *(sq ft)**	% of total	31 March 2010 No. of leases	% of total	Leased IFA *(sq ft)**	% of total
Below 1,000	3,497	71.3%	1,715,740	22.2%	3,629	69.6%	1,790,002	22.0%
1,000 - 2,500	858	17.5%	1,283,153	16.6%	953	18.3%	1,441,501	17.8%
2,501 - 5,000	269	5.5%	931,635	12.0%	325	6.2%	1,115,837	13.7%
5,001 - 10,000	130	2.7%	894,251	11.6%	159	3.1%	1,088,443	13.4%
Above 10,000	151	3.0%	2,910,383	37.6%	146	2.8%	2,686,134	33.1%
Total	**4,905**	**100.0%**	**7,735,162**	**100.0%**	**5,212**	**100.0%**	**8,121,917**	**100.0%**

Note:
* Variations in leased IFA is due to a combination of occupancy rate changes plus space changes resulting from AEIs or other renovation works

The Manager has been focusing on increasing the number of tenants who have a turnover component in their leases, in particular, chain stores and restaurant groups. Tenants who have leases with turnover clauses submit audited turnover data annually. The Manager's objective in collecting turnover data is largely to drive strategies to improve sales performance of tenants in the retail properties. Turnover data collected can be used to analyse effectiveness of marketing and promotion activities, help plan trade mix and monitor sustainability of rental being charged. Moreover, the Manager creates alignment of interest between the Manager and the tenant as the Manager is incentivised to help improve turnover of tenants. The Manager does not see turnover rent becoming a major revenue contributor particularly as The Link REIT's tenants generally are in non-discretionary trades where turnover does not exhibit high degrees of volatility.

Leases With Turnover Rent Clauses



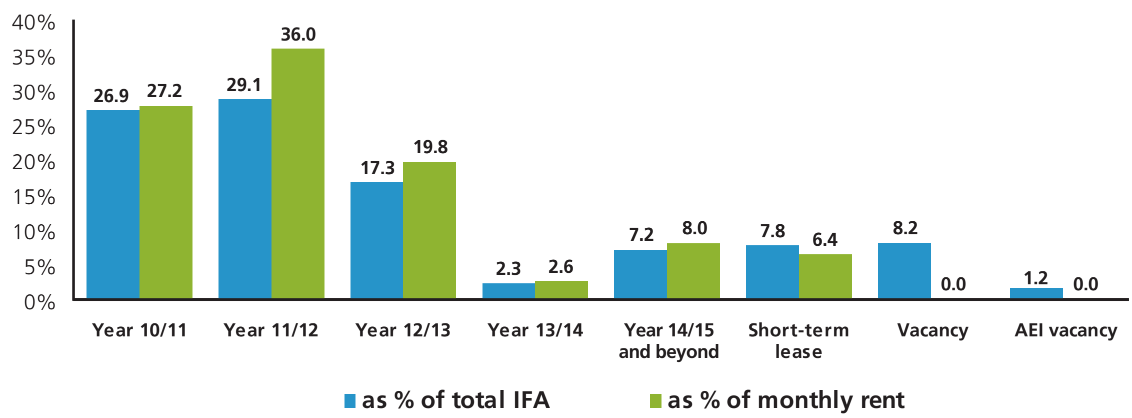
While average rents have been rising, turnover data of retailers in the portfolio suggests that the rent to sales ratio has remained relatively constant according to analysis by the Manager. The Manager believes that rental increases in its retail properties are sustainable as there has been improvement in tenant sales. Going forward, the Manager will continue to be vigilant in monitoring the rent to sales ratio of its tenants.

The typical lease in The Link REIT's retail properties is three years though some tenants may have three year leases with an option to renew for further three years typically at a rental rate that is subject to future negotiations. Given the size of the portfolio, lease expiries tend to be fairly evenly spread out. Compared with a year ago, there has been an increase in the proportion of leases with expiries beyond a three year time frame. The Manager is happy to have The Link REIT enter into longer term leases as this provides certainty on occupancy of space. From the tenants' perspective, where substantial investments are made to fit out premises, securing usage of premises for a longer period of time is preferred.

Proportion of leases expiring in the financial year ending 31 March 2011 is 26.9% by IFA and 27.2% by monthly rent. Based on the strength of demand for space in the portfolio and the resilience of sales for key trade categories, the Manager expects to fill up the space from expiring leases with either existing or new tenants.

The tenant retention rate, which captures the percentage of tenants who continue to occupy space in the same properties when their leases expire, for the financial year ended 31 March 2010 was 71.4%. The retention rate is driven by a level of churn in any actively managed retail property portfolio particularly one like that of The Link REIT, which is undergoing active tenant remixing.

Portfolio Lease Expiry Profile as at 31 March 2010



During the year ended 31 March 2010, commissions were paid to two real estate agents as follows:

Major Real Estates Agents

Real Estate Agents	Services	Value of Services *(HK$'M)*	Percentage of Relevant Costs *(%)*
Wang On Majorluck Limited	Leasing agency services	1.0	21.7
Knight Frank Hong Kong Limited	Leasing agency services	3.6	78.3
		4.6	100.0

The aggregate value of service contracts of the top five contractors engaged by The Link REIT during the year ended 31 March 2010 and their respective value of services rendered were as follows:

Major Contractors

Contractor	Nature of Services	Value of Services (HK$'M)	Percentage of Relevant Costs (%)
Synergis Management Services Limited	Property and car park management	107	6.8
Hsin Chong Construction (Asia) Limited	Projects and maintenance	89	5.6
China Overseas Property Services Limited	Property and car park management	77	4.9
Chun Wo Elegant Decoration Engineering Company Limited	Projects and maintenance	68	4.3
Union Contractors Limited	Projects and maintenance	68	4.3
		409	25.9

A key component of the Manager's efforts to offer a more relevant retail product to the mass market in Hong Kong is ongoing asset enhancement initiatives which the Manager has been actively implementing. Asset enhancement projects are led by a dedicated development team supported by a specialist project leasing team. Target initial return on investment after allowing some time for income to stabilise as measured by net income post-AEI versus net income pre-AEI over capital expenditure is 15%. Historically, completed AEI projects have generally met or exceeded these hurdle rates, including the six properties where AEIs were completed in this financial year. However, going forward, returns on investment for completed AEIs may not be as high as what has been achieved to date given that future AEIs are being carried out on properties where the Manager has already negotiated rental rate increases.

Asset enhancement initiatives are largely debt funded and the Manager is cognisant of not taking on excessive leverage at any point in time and having sufficient debt capacity to fund projects. The Manager actively manages risks associated with asset enhancement initiatives by pre-leasing a portion of the space, securing fixed price construction contracts, using research to test concepts and running rigorous financial analysis on the projects.

Looking ahead, the Manager is focused on executing ongoing projects and starting new projects that meet hurdle rate requirements. The Manager expects asset enhancements to be carried out at a pace that will not adversely impact DPU at any one point in time and to align its upgrading programme with upgrading and expansion plans of major retailers. The Manager has strengthened its project development and leasing resources dedicated to executing on asset enhancement initiatives so as to best mitigate risks from AEIs.

The Manager aims to achieve greater efficiency in roll out of AEIs as well as consistency in look and feel of completed AEIs while incorporating local characteristics of each property. Environmental considerations will also be taken into account during planning for new AEIs. When construction work is taking place at a property undergoing AEI, there is invariably disruption to business of retailers and the wider community, hence the Manager is focused on actively helping retailers through these periods of challenging trading conditions.

The Manager views AEIs as a key driver of income growth. Up to 31 March 2010, 16 asset enhancement centres have been completed and these properties together contributed 25.3% of the Group's revenue excluding car parks for the year under review. As more AEIs are completed, the Manager sees the proportion of income contribution from completed AEI properties rising. Consequently, the rental reversion rate, which largely captures stable centres, will become a less relevant performance indicator. Revenue growth for properties that have undergone asset enhancement is typically derived from better utilisation, higher rent achieved or a combination of both.

The Manager releases details of asset enhancement projects when internal funding and government approvals have been received. A key new project which the Manager has announced is its pilot asset enhancement of a fresh market, namely that of Tai Yuen Market. The Manager is expecting to spend HK$95 million on this fresh market asset enhancement. We will install air-conditioning to this market, change the layout, improve the design of the stalls, upgrade the drainage system and introduce a cooking demonstration area. The upgraded Tai Yuen Market is expected to retain the excitement of a market while providing a much cleaner and more dynamic shopping experience to shoppers. The Manager envisages raising the occupancy rate substantially at Tai Yuen Market after asset enhancement. Should the asset enhancement of Tai Yuen Market prove successful, we intend to rapidly roll out asset enhancements to other fresh markets in the portfolio and help rejuvenate this unique element of our portfolio for the communities of Hong Kong.

By the end of the financial year ending 31 March 2011, the Manager is planning to have completed asset enhancement works on 21 properties. Besides these 21 properties, the Manager is carrying out asset enhancement work on 2 properties and is undertaking planning work on 14 properties. For some properties that have undergone one round of asset enhancement work since initial public offering, the Manager still sees scope for further enhancement work to be carried out.

Schedule of Asset Enhancement Initiatives

	Projects Completed						Projects Underway			
	2007/08		2008/09		2009/10		2010/11		2011/12	
HK$'M	Centre	Total Project Capex	Centre	Total Project Capex	Centre	Total Project Capex	Centre	Total Project Capex	Centre	Total Project Capex
*Projects Approved**	Tsz Wan Shan	62.17	Hau Tak	70.41	Kwai Fong	27.64	Lok Fu	422.80	Choi Yuen Ph.2**	95.43
	Lung Cheung	22.22	Tai Wo	58.23	Wong Tai Sin	130.62	Chung Fu	74.83	Tai Yuen	95.00
	Choi Ming	11.37	Lek Yuen	30.85	Wo Che	58.76	Siu Sai Wan	101.78		
	Chung On	17.08	Fu Tung	28.94	Choi Yuen Ph.1	66.86	Tak Tin	75.93		
	Ming Tak	9.06	Tin Yiu	33.48	Cheung Fat	136.36	Chuk Yuen	96.70		
					Hing Wah	34.85				
					Butterfly	95.49				
TOTAL CAPEX		121.90		221.91		550.58		772.04		190.43
	AEI Completed (Stabilised)				AEI Completed (12 months)		AEI Underway			

Stable Centres | Development Centres

Notes:

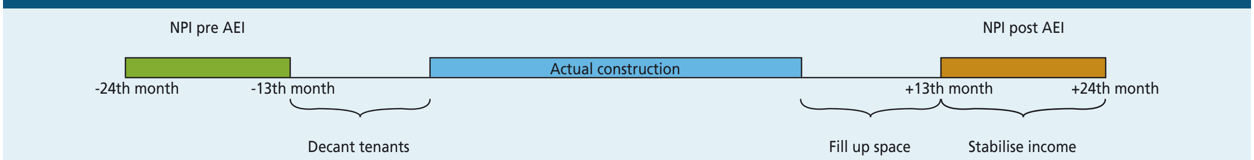
* Projects approved are those with all internal and external (government) approvals secured

** Further work on Choi Yuen is expected to commence shortly under Phase 2. All necessary approvals for these additional works are expected to be secured soon

	Number of Projects	CAPEX *(HK$'M)*
Projects Completed since IPO	16*	827.53
Projects Underway	7	1,029.33
Projects Pending Government Approval	3	473.17
Other Projects Under Planning	11	1,409.30
	37	3,739.33

Note: Completed AEI centres are centres where the final phase of the entire project is completed
* Choi Yuen Phase 1 is excluded

Calculating Return on Investment for Completed AEI Properties



ROI = (Projected NPI post AEI - NPI pre AEI) ÷ AEI Capex

Cheung Fat Shopping Centre | **Hing Wah Plaza** | **Butterfly Shopping Centre**

Before Asset Enhancement Works



After Asset Enhancement Works



Besides carrying out asset enhancement works, actively improving tenant mix and raising occupancy levels at its retail properties, the Manager will continue to grow its income from mall merchandising activities which cover casual leasing and renting of kiosks and push-carts.

The Manager sees the move to direct management of all its retail properties effective 1 November 2009 as a key milestone. This seamless transition occurred with no job redundancies. Under direct management, all tenant interfacing staff are direct employees of the Manager while services such as security and cleaning continue to be outsourced. With this move, the Manager aims to improve interaction with retailers, increase accountability and responsiveness of centre management staff, and raise quality of property management.

The Manager is focused to improve cleanliness levels, maintenance standards and safety standards at its retail properties. With the move to direct management, there are immediate cost savings from efficiency gains. Over time, additional savings may be derived from more efficient operations for property management, security and cleaning plus better cost effectiveness in spending on repairs and maintenance. The Manager will continue to actively address costs at its retail properties by for example driving savings in utilities expenses from more energy efficiency initiatives. A key energy saving initiative which the Manager is continuing to roll out is the changing of air-conditioning chiller systems. Moreover, a building management system has been installed since last October which allows monitoring and control of electricity usage from one central location.

The Manager is also in the process of carrying out building inspection works on its properties and working through a programme whereby it will spend around HK$490 million in capital expenditures over several years to ensure its properties comply with the Fire Safety (Commercial Premises) Ordinance.

Car Park Property Portfolio

The Link REIT has the largest car park portfolio by a single owner in Hong Kong. In the financial year under review, car park revenue rose 2.3% year-on-year to HK$1,005 million (2009: HK$982 million), while utilisation increased from 71.3% as at 31 March 2009 to 71.8% as at 31 March 2010. However, with provision made for payment of car park waiver fees, the net property income margin for car parks fell from 57.2% in the year ended 31 March 2009 to 51.0% in the year ended 31 March 2010. Reducing costs at car parks is a longer term initiative given the Manager continues to have security staff at its car parks work on three shifts of eight hours each.

The government leases for the car parks generally have restrictions that they can only be leased to residents of specific housing estates, occupiers of our properties and their bona-fide visitors. In order to allow other customers to lease car park spaces on a monthly basis, temporary waivers to the restriction have to be granted by the Lands Department and these involve payment of a waiver fee. A number of these waivers that The Link REIT had obtained have since expired.

While the Manager expects demand for monthly parking space at its car parks from residents of housing estates to be stable, more restrictive leasing of monthly parking is likely to adversely impact monthly revenue from car parks. On the cost front, the Manager is not targeting any near term savings from job redundancies affecting security staff at its car parks. However, in the longer term, the Manager will look for ways to optimise headcount levels and improve quality of staff at its car parks. While recognising a continued need to provide convenient quality car park facilities to residents of housing estates, the Manager may explore the possibility of changing use for some under-utilised car park properties.

Key Car Park Property Performance Indicators

	Year ended 31 March 2010	Year ended 31 March 2009
Car park space allocation — monthly *(%)*	**86.9**	87.2
Car park space allocation — hourly *(%)*	**13.1**	12.8
Gross revenue by monthly users *(%)*	**76.5**	77.7
Gross revenue by hourly users *(%)*	**23.5**	22.3
Utilisation of car park space *(%)*	**71.8**	71.3
Effective income per space per month *(HK$)*	**1,054**	1,029
Net property income margin *(%)*	**51.0**	57.2

Capital Management

During the financial year, the global banking and debt capital markets were volatile. In the first few months of 2009, the syndicated loan market in Hong Kong nearly dried up with very few transactions. Subsequent to The Link REIT's HK$3 billion club loan signed in March 2009, the syndicated loan market in Hong Kong gradually re-opened and the credit market improved. Nevertheless, against the backdrop of the European fiscal crisis and macro-economic controls in mainland China in the past few months, the capital markets are still rife with uncertainties.

Instead of arranging large refinancing transaction at one time in the market, the Manager has taken a gradual approach for the Group's refinancing programme. Multiple smaller size Hong Kong dollar notes along with a few smaller size bilateral loans were executed at different times in order to gradually lengthen the Group's funding maturities and lower its credit margins. Refinancing transactions for the year are summarised below:

- A total of HK$1.3 billion 10-year unsecured notes with an average fixed rate of 4.35% per annum and HK$0.5 billion 7-year unsecured notes with a fixed rate of 3.73% per annum were issued under the MTN Programme, of which HK$1 billion notes were swapped into floating rates using interest rate swaps.
- A total of HK$1.5 billion new bilateral loans with maturities between 4 years and 6 years were signed with banks at an all-in costs between HIBOR + 0.75% and HIBOR + 1.31% per annum, of which HK$0.95 billion loans are revolving in nature.
- HK$4 billion mortgage loan from Hong Kong Mortgage Corporation maturing in November 2010 was renewed to May 2014 with an option to extend HK$2 billion for one more year upon maturity.
- HK$1.4 billion guaranteed notes and HK$1.3 billion bilateral loans maturing in the year were repaid.
- HK$1.5 billion of the 2006 syndicated loan maturing in October 2011 was prepaid in March 2010. Along with this loan prepayment, HK$1 billion notional amount of designated hedging interest rate swap was unwound in March 2010 and a fair value loss of HK$68.9 million originally recognised in the cash flow hedging reserve was realised as finance costs in March 2010.

Following the above refinancing transactions, the average outstanding life of the Group's committed loan facilities was substantially extended to 3.9 years as at 31 March 2010 from 2.4 years as at 31 March 2009. Moreover, the facility maturity profile is more evenly spread. All of the Link REIT's borrowings are denominated or fully hedged into Hong Kong dollars.

Apart from refinancing, the Manager also actively manages the Group's interest rate exposure. The Group's fixed debt to total debt percentage was reduced from 79% as at 31 March 2009 to 69% as at 31 March 2010 in order to take advantage of the prolonged low market interest rate environment in the near term. In addition, the Group has entered into a total of HK$2.5 billion 3-month HIBOR to 1-month HIBOR basis swaps which match the fixing period of the syndicated loan and existing interest rate swaps with an additional average interest cost saving of approximately 0.14% per annum. Therefore, despite the higher credit interest margin of the new financing facilities concluded after the financial turmoil of September 2008, the overall average interest rate of The Link REIT's debt, after taking into account the interest rate hedging, only increased slightly to 4.30% as at 31 March 2010 (2009: 4.16%). Nonetheless, the average remaining life of the fixed interest rate period for debt facilities was lengthened from 3.3 years as at 31 March 2009 to 3.8 years as at 31 March 2010 in order to increase the Group's interest rate protection in the medium term.

For cash management, the Manager is focused on principal preservation to ensure flexibility to meet the operational needs. Deposits are placed with maturities that have been well planned to satisfy the financial commitments and working capital needs of The Link REIT. Counterparty exposure is limited by pre-defined deposit limits for all relationship banks, which are assigned based primarily on their respective credit ratings. Currently, all of The Link REIT's cash and cash equivalents are held in Hong Kong dollars under various banks with credit rating of no less than "A-" by Standard and Poor's or the equivalent.

Overall Strategy and Outlook

The Manager will continue to drive revenue growth, primarily from the retail properties, in the financial year ending 31 March 2011. Growth in rental income for the retail properties will be achieved through ongoing efforts to actively improve tenant mix, complete asset enhancement initiatives, drive up occupancy rate and raise rents at stable centres. Asset enhancement works at Lok Fu Plaza will be completed in phases during 2010 which will contribute to revenue and income growth albeit this will have a greater impact in the financial year ending 31 March 2012. Positive rental reversion and higher occupancy levels achieved in retail properties coupled with completion of asset enhancement projects in the financial year ended 31 March 2010 will help drive revenue and income increases in the financial year ending 31 March 2011.

With improving economic conditions in Hong Kong and the focus of our retail properties on consumer staples, the Manager is confident that through successful execution of its existing business strategies, it will deliver good revenue growth from retail properties. Revenue from car parks should be fairly stable given the high proportion that is derived from monthly users, however, there could be a slight reduction in monthly parking income resulting from the application of more stringent criteria on who can lease monthly parking space.

While driving revenue, the Manager will continue to actively address costs. Efforts to improve energy efficiency at the retail properties is ongoing and such efforts will mitigate the 2.6% electricity tariff increase for users in Kowloon and the New Territories, which took effect on 1 January 2010. The Manager is focused on improving the quality of its building management in a cost effective manner. The Manager expects to achieve savings in property management and repairs and maintenance arising from the move to direct management in November 2009 as a result of greater efficiency in carrying out such tasks. Through growing revenue and managing costs, the Manager is confident of delivering further growth in distributable income in the financial year ending 31 March 2011.

To drive better returns for Unitholders, the Manager will look more broadly than simply the short term cash flow of the business. Improving customer relationships, human resource development, corporate image, communications and community relationships are priority areas. The Manager is in the process of rolling out balanced scorecards for its staff so that the team at The Link REIT can better deliver on its mission of being a recognised leader in providing quality retail facilities and services for the benefit of our retailers, shoppers, the communities, and the investors we serve, with a spirit of transparency and integrity. Management will actively step up training efforts to upgrade quality of service provided by staff at its retail properties as well as strengthen corporate governance and risk management within the Manager. As The Link REIT is a young business, the Manager is building a strong corporate culture to entrench solid long term foundations.

The Manager continues to review and refine its strategic growth plans. The Manager is developing strategies for its entire portfolio of assets including possibilities for The Link REIT to grow beyond its portfolio. The Manager will develop asset strategies for various districts so as to optimise competitiveness of its properties. The Manager is studying how best to grow inorganically taking into consideration factors such as returns, risks, repatriation of income, pipeline of assets, capital deployed, integration with existing systems, human resources and skill sets. Acquisitions are not at the top of The Link REIT's agenda today given there are still many growth levers to drive both at the revenue and at the cost lines from the existing portfolio of assets. However, the Manager should assess the benefits of growth aspirations for The Link REIT beyond the existing assets and wants to effectively position The Link REIT for such a stage in its business growth.