



Link Real Estate Investment Trust
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We **Link** People to a Brighter Future

Link Real Estate Investment Trust is the first REIT listed on the Hong Kong Stock Exchange and is a constituent of the Hang Seng Index. We are the largest REIT and the only internally managed REIT in Asia. We are also one of the world's largest retail-focused REITs in terms of market capitalisation. With a diversified portfolio that consists of retail facilities, car parks and offices across Hong Kong, Beijing, Shanghai and Guangzhou, we aim to deliver sustainable growth and create long-term value for our Unitholders.

In this report, we will discuss our gradual development along the path we outlined in previous years. We have a clear direction and guidance to inspire our staff to work together and achieve our vision of being a world class real estate investor and manager, serving and improving the lives of those around us.

Why an Integrated Interim Report

This is Link's Integrated Interim Report for the period ended 30 September 2017 and covers our operations in Hong Kong and Mainland China. Since 2013/2014, Link has adopted the International Integrated Reporting Council's Integrated Reporting <IR> Framework as a way of communicating the total impact of our business in a more compelling manner. We take specific care to highlight the interactions among the financial, environmental, social and governance factors of our business and to underline their influence on our long-term sustainable development. This approach allows us to present a comprehensive, but concise, overview of how we create value for different stakeholders.

Sustainability is at the core of our business and drives our focus on generating returns for Unitholders and continually creating value for the wider community. Further details of how we embed sustainability throughout our business can be found at www.linkreit.com/sustainability.

Our Approach to Reporting

In our fourth Integrated Interim Report, we will continue our efforts to illustrate how our strategic focus has been enhanced by expanding our growth drivers and is supported by our corporate resources and core competencies to deliver long-term sustainable growth. At the heart of this integrated approach is our endeavour to focus not only on distributions to Unitholders, but also on how value is generated and distributed more widely to our stakeholders.

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Portfolio in Brief

Our portfolio includes retail facilities, car parks and office properties across Hong Kong, Beijing, Shanghai and Guangzhou. These multiple segments form a solid, diversified platform to create more value.

NEW TERRITORIES

83
properties

Hong Kong

91.2%

of total portfolio value

61
properties

KOWLOON

155

Properties across Hong Kong

~10 million sq ft

Retail space

~0.9 million sq ft

Under development

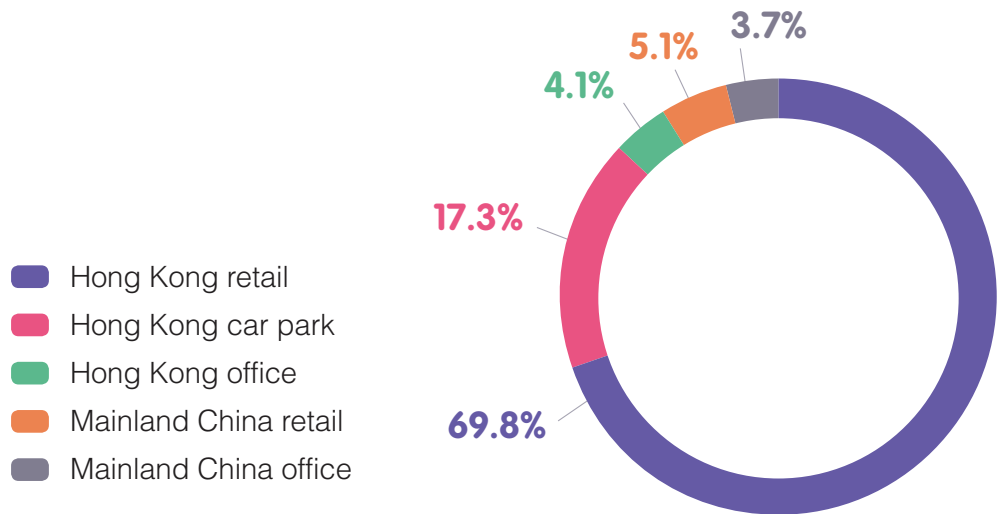
~69,000

Car park spaces

HONG KONG ISLAND

11
properties

Portfolio mix by value



Mainland China

8.8%

of total portfolio value

3

Properties in Mainland China

~3 million sq ft

Retail and office space



Interim Highlights

Our key financial and non-financial performance indicators reflect our steady business performance and values created.

4,949

↑ 7.4% yoy

Revenue (HK\$'M)

3,767

↑ 9.5% yoy

Net property income (HK\$'M)

121.50

↑ 8.7% yoy

Distribution per unit (HK cents)

189,818

↑ 9.1% vs 31/3/2017

Valuation (HK\$'M)

96.3% 

Occupancy in Hong Kong

7.2% yoy 

Tenant sales growth in Hong Kong

97.4% 

Occupancy in Mainland China

12.7% 

Rent-to-sales ratio in Hong Kong

59 

Enhancement projects completed to date

29.6% 

Energy consumption reduction in Hong Kong since 2010

Value Creation Model

1 To realise our vision

Be a world class real estate investor and manager, serving and improving the lives of those around us

How we **LINK** people to a brighter future



FINANCIAL

Continuous improvement of financial returns



NATURAL

A stable and viable natural environment



MANUFACTURED

A productive portfolio of high quality, sustainable properties



SOCIAL & RELATIONSHIP

Positive relationships with our tenants, shoppers and communities



HUMAN

A talented, engaged and high performing workforce



INTELLECTUAL

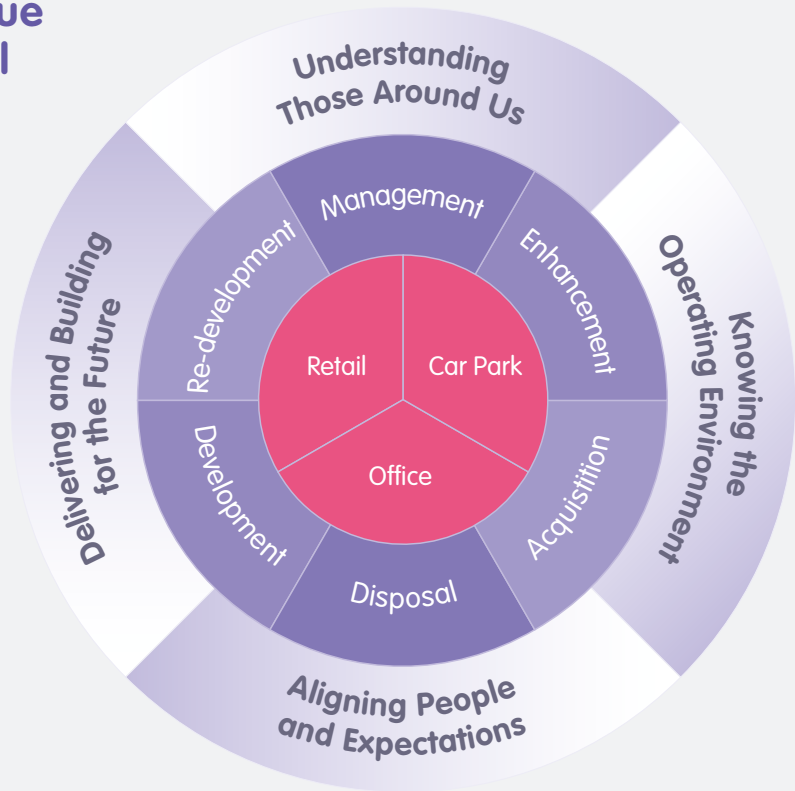
A sector leading body of sustainable community development knowledge

5 Which create value and enhance our capitals

2 We focus on stakeholder expectations

OUR COMMUNITIES
 OUR EMPLOYEES
 OUR INVESTORS
 OUR TENANTS
 OUR BUSINESS PARTNERS

3 Using our unique business model



4 To deliver our strategic priorities

1 Building a more productive and higher quality portfolio



2 Maintaining a prudent and flexible capital structure

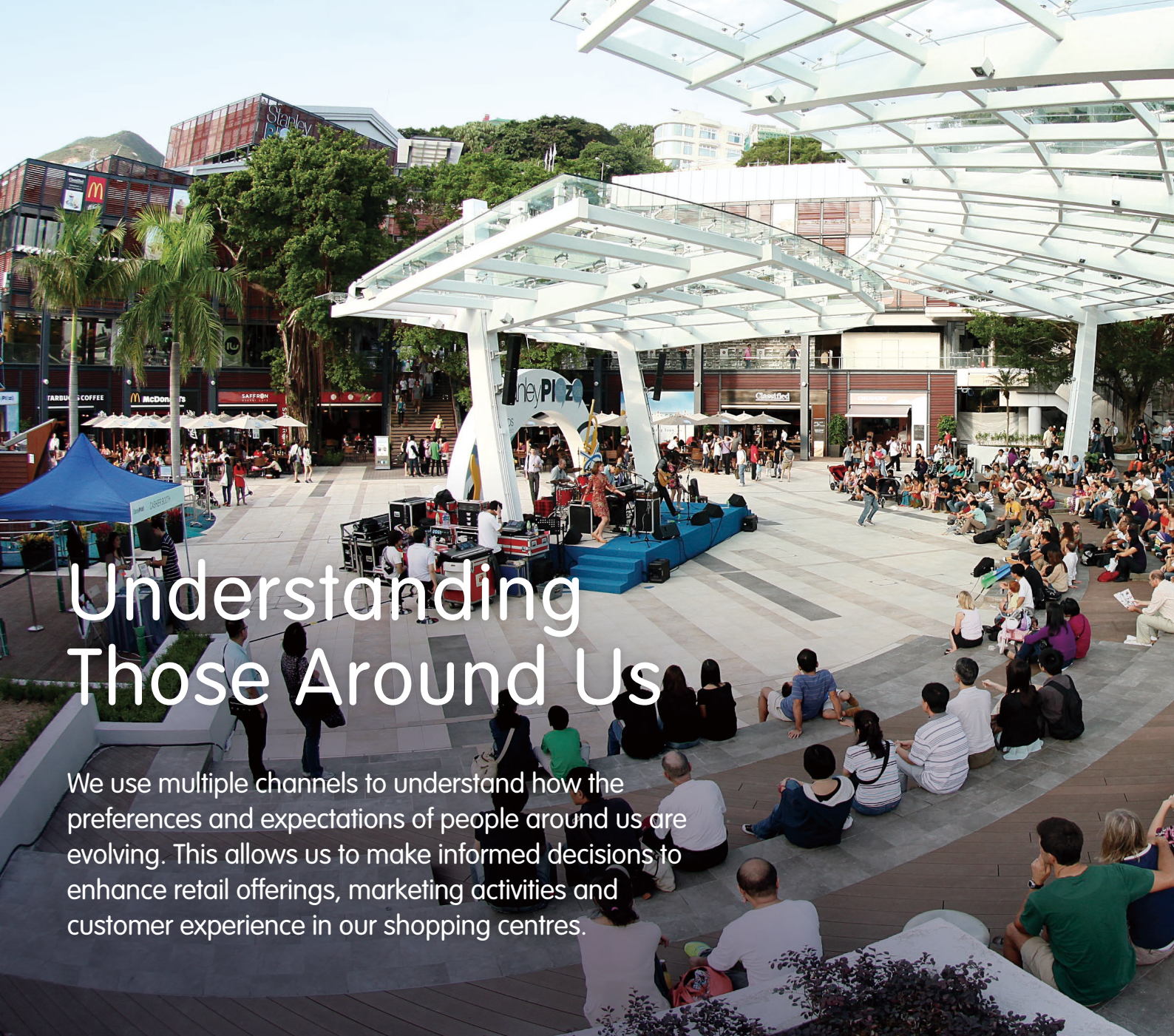


3 Developing a strong management team



4 Helping our tenants and communities grow while delighting our shoppers





Understanding Those Around Us

We use multiple channels to understand how the preferences and expectations of people around us are evolving. This allows us to make informed decisions to enhance retail offerings, marketing activities and customer experience in our shopping centres.

Public Spaces

Well-designed public spaces strengthen, support and bring communities together. With Link shopping centres being extensions of the living rooms around us, we pay close attention to ensure that our open spaces enhance the local community by encouraging interaction and inspiration.



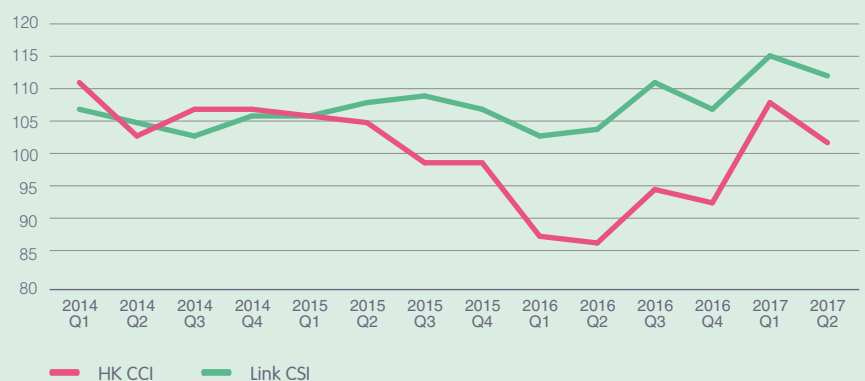
Knowing the Operating Environment

Here at Link, we pay close attention to the external macro-environment to inform our decision making and strategically position ourselves for upcoming challenges and opportunities.

Link Community Sentiment Index

We endeavour to understand our customers' profiles, spending patterns, needs and expectations. We started tracking the Link Community Sentiment Index (**Link CSI**) since 2014, as a way to benchmark customer sentiment and spending intentions across individual districts in Hong Kong. Subsequent to 2015, Link CSI has generally outperformed Hong Kong Consumer Confidence Index (**HK CCI**), which signals the relative confidence of Link's consumers and resilience of the local community.

HK CCI vs Link CSI



Chairman's Statement



“Link is a resilient business that continues to grow. To solidify our performance into the future, we are investigating how we can better optimise our portfolio quality and maximise value for Unitholders.”

**Nicholas Charles
ALLEN**
Chairman

The first half of 2017/2018 was characterised by two significant events in our operating environment. Firstly, after nearly three years of decline, Hong Kong's overall retail market exhibited signs of improvement during the first half of the financial year. Secondly, the Hong Kong Special Administrative Region celebrated its 20th anniversary on 1 July 2017. Both events present a good opportunity to reflect on the state of our business.

Improving Retail Market in Hong Kong

Resilience is the bedrock to our portfolio of non-discretionary focused retail properties. It is exemplified by Link's consistent growth despite the weak retail market in recent years. I am pleased to say that Link continued this trend during the first half of 2017/2018, delivering HK\$4,949 million in revenue (six months ended 30 September 2016: HK\$4,608 million), representing a 7.4% increase. On the back of this, Hong Kong's overall retail market exhibited positive growth for the first time since 2014, which should be cause for cautious optimism for Link's business outlook.

A Hong Kong Milestone and a New Chance to Engage and Make Impact

On 1 July 2017, the Hong Kong Special Administrative Region celebrated its 20th anniversary and a new administration was appointed. Over the past 20 years, the HKSAR has faced and overcome different challenges. But the fundamentals of what makes Hong Kong an attractive and successful market have remained the same: a strong governance framework, transparency and a free economy. While it is unlikely there will be a drastic deviation in Hong Kong's current direction, this presents an ideal opportunity to reassess Link's role and impact around the communities we operate in.

Link was founded on the principle that the private sector is most effective in managing commercial assets and creating value for various stakeholders. If success is measured by the improvement in prosperity and liveliness of the shopping environments and the local communities, I believe Link has lived up to this expectation. However, success should also take into consideration the impact our business has in developing a resilient society. I believe Link's portfolio and our culture of building resilience place us well to collaborate with different stakeholders to drive changes across a range of topics.

In Hong Kong, we invest heavily in waste reduction initiatives. We are currently working with over 4,200 tenants across 70 fresh markets to separate and divert nearly 20 tons of organic waste each day to the government's newly built organic resources recovery centre starting in 2018. We are aiming to make Link's fresh markets the first in Hong Kong to have a zero organic waste target.

Link is an ardent supporter of green finance and responsible business in the region. Following our issuance of Asia's first property green bond in 2016, an increasing number of local and regional corporates are seeking to raise green financing. We work with organisations like the United Nations, local industry associations, financial institutions, investors and NGOs to improve ESG reporting and develop green finance expertise in Hong Kong.

Both of these examples illustrate Link's approach to developing solutions and building resilience through innovation and close collaboration with stakeholders. This in turn benefits Link.

Challenges to Continuing This Performance

Moving forward, Link's focus remains the same: consistently executing a strategy to build a sustainable business, prudently improving the overall quality of our portfolio and actively managing risks. We must also remain vigilant and continually engage with those around us. Another key priority will be to provide the right environment and incentives for our team to devise and implement new initiatives and strengthen the business. During the period under review, we updated our long-term incentive scheme to better align with our business performance. Further details can be found on pages 32 to 33.

Strategic Review

Our efforts so far have largely focused on making incremental improvements and timely adjustments to how we operate our business. In July 2017, we initiated a strategic review to identify how to optimise our portfolio quality and maximise value for Unitholders. We do not anticipate significant divergence from our current successful approach. The intent of the review is to investigate how we can better utilise our growth drivers and position Link for growth over the next 10 years and beyond. As we prepare for the future, our focus will continue to be on performance, sustainability and value creation. We hope to announce the results of the review within the coming months.

Appreciation

Our team continues to work hard to deliver strong results. I speak on behalf of the Board and our Unitholders when I thank George and his team for their ongoing hard work and dedication towards ensuring Link creates value.

I also take this opportunity to thank my fellow directors for their support and for the vision and intellect that they bring to the Board. Mr William CHAN Chak Cheung has indicated that he wishes to retire as an Independent Non-Executive Director of the Manager effective from 9 November 2017. I would like to thank William for his services and valuable contributions in the past years.

Nicholas Charles ALLEN

Chairman

Link Asset Management Limited
As Manager of Link Real Estate Investment Trust
8 November 2017

Chief Executive Officer's Report



“Our business remains strong and resilient, underpinned by an effective asset management model. The real estate markets in Hong Kong and Mainland China are healthy, highlighted by steady growth in the local economies.”

George Kwok Lung
HONGCHOY
Chief Executive Officer

I am pleased to report that the first half of 2017/2018 saw Link continuing its trend of delivering strong earnings and growing returns for Unitholders. We made significant progress in executing our business strategy, marked by expanding our asset management model to the entire portfolio, completing the acquisition of Metropolitan Plaza in Guangzhou, China and extending our innovative approach with technology in marketing and customer service. These achievements will ensure the long-term resilience of our portfolio and improved investment performance in future years.

During the six months under review, total revenue and net property income increased by 7.4% and 9.5% year-on-year to HK\$4,949 million (six months ended 30 September 2016: HK\$4,608 million) and HK\$3,767 million (six months ended 30 September 2016: HK\$3,440 million), respectively. Interim DPU for the period amounted to HK121.50 cents (six months ended 30 September 2016: HK111.75 cents), representing a year-on-year increase of 8.7%. Valuation of the property portfolio (including property under development and properties in Mainland China) reached HK\$189,818 million, representing an increase of 9.1% compared to 31 March 2017. Net asset value per unit increased by 7.4% to HK\$67.11 (31 March 2017: HK\$62.47).

For the full financial review, please see pages 26 to 27.

Expanding the Asset Management Model

In 2016 we initiated a small scale pilot, placing 20 retail properties under an asset management model comprising five clusters. The intention was to create better value by transitioning from the previously function-based, portfolio-wide approach to a holistic approach that manages each asset using an individual asset plan. By doing so, we can unlock further value from each property by increasing operational efficiency, enhancing resource allocation, and improving customer experience. The results of the 12-month pilot have been very encouraging. We have already witnessed enhanced interfacing with both internal and external stakeholders in the form of better standards, enhanced workflows and improved systems. These efforts align inter-department goals and interests which in turn drive NPI growth.

As a result, we have expanded the asset management model to the entire portfolio from 1 October 2017.

Completing the Acquisition of Metropolitan Plaza

We completed the acquisition of Metropolitan Plaza in Guangzhou, China in May 2017. The property's profile fits well with Link's focus on managing a portfolio of mid-market retail shopping centres focusing on non-discretionary shopping. Metropolitan Plaza possesses strong underlying

fundamentals, including good population growth and a dominant location in Liwan district, with popular tourist attractions and approximately 3,000 high-end residential units nearby. As Metropolitan Plaza is strategically located at the intersection of Guangzhou Metro Line 1 and Line 6, two of the city's busiest metro lines, the shopping mall is well-positioned to serve the area's young professionals and affluent middle-class families.

Since acquiring the property, our China asset management team has strengthened the mall's footfall and rental growth through a combination of tenant remixing and innovative marketing. We have introduced a variety of new tenants, renewed some of the existing tenants and increased occupancy rate to 99.1%.

Re-imagining Shopping Centres

Link has a history of successful innovation, most recently exemplified by our approach to fresh market revitalisation. We have adapted this thinking to our commercial property at 700 Nathan Road which is nearing completion and the tower portion is expected to open at the end of 2017. With the brand tagline "This is Our Place", 700 Nathan Road is Link's first project that breaks away from the conventional notion of retail centres as simply being a shopping venue, and instead offers shoppers and tenants a multi-faceted place that truly belongs to them. Al-fresco dining, beauty and health focused services and co-working business centre are complemented by multi-function open spaces scattered throughout the property, creating a lifestyle-focused destination for young, local and connected shoppers.

This concept has been well-received as demonstrated by strong leasing activity. The majority of the tower has been leased while the podium, which has secured an anchor tenant, continues to see strong demand from potential food and beverage, fashion and beauty and health tenants.

See more of 700 Nathan Road below.



Commitment to Being World Class

As part of our Vision to "Be a World Class Real Estate Investor and Manager," Link is a staunch advocate for sustainable and responsible business practices. Being an active contributor on United Nations working groups and most recently as a signatory of Principles of Responsible Investment (unpri.org) ensures we maintain a long-term, value-creating strategy that benefits investors, the environment and the communities that we operate in.

An emerging trend has been to align both investment and business communities with the UN Sustainable Development Goals (**SDGs**). The SDGs provide Link with a blueprint for identifying key environmental and social risks to our business. By monitoring and mitigating these risks we can continue to provide resilient returns for Unitholders. I am pleased to say that Link is currently evaluating the SDGs, prioritising those most relevant to our business and identifying how we can continue to set an example in responsible business practices.

Staff

Link has made significant progress during the past six months. As a team, we are committed to serving and improving the communities we operate in every day. Our promise to **Link People to a Brighter Future** resonates throughout our business, allowing us to recruit high-quality talent. The promise drives our constant innovation, attracting dynamic and forward-looking tenants to our properties. We are confident that the investments we are making – in properties, the communities around us and our people – are leading to sustainable improvements for our tenants and shoppers whilst creating long-term value for our Unitholders.

Outlook

Our business is well-positioned to maintain the current growth trend, driven by a strong asset enhancement pipeline and a full year of focused asset management platform to build upon. Moving forward, there is good reason for cautious optimism. In a reversal of nearly three years of contraction in the retail market, Hong Kong's latest indicators show a mild growth in the retail market during the first half of the financial year. We are confident that the resilient portfolio of Link is also well-positioned to benefit from any improvements in retail market sentiment.

We believe the favourable low interest environment will gradually dissipate. However, we have maintained a prudent capital management approach that not only offers Link a strong margin of safety from market instabilities but also allows us flexibility to capture any market opportunities that may arise.

George Kwok Lung HONGCHOY

Chief Executive Officer

Link Asset Management Limited
As Manager of Link Real Estate Investment Trust
8 November 2017

Operating Landscape

KEY MARKET TRENDS IN HONG KONG

Gross Domestic Product Growth Sustained

Gross domestic product in 3Q 2017 expanded by 3.6%. Economic growth is forecast at 3.7% for 2017 as a whole, underpinned by sturdy domestic demand amid favourable employment and income conditions.



Source: Hong Kong Census and Statistics Department

Unemployment Rate Stayed Low

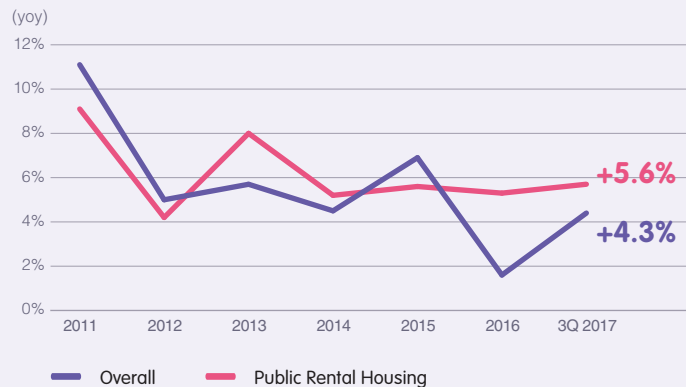
Labour market tightened along with strong economic expansion, as evidenced by unemployment rate staying at low levels in 3Q 2017.



Note: Seasonally-adjusted figure
Source: Hong Kong Census and Statistics Department

Resilient Monthly Median Household Income Growth

Strong household income growth, benefitting from the upward adjustment of the minimum wage rate in May 2017, is expected to bode well for private consumption.



Source: Hong Kong Census and Statistics Department

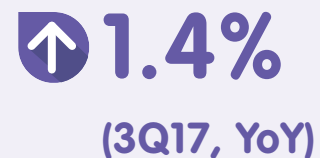
Strong Demand for Parking Spaces

The growth in number of licensed private cars continued to outpace the growth in private car parking spaces.

Private car licensed



Private car parking spaces

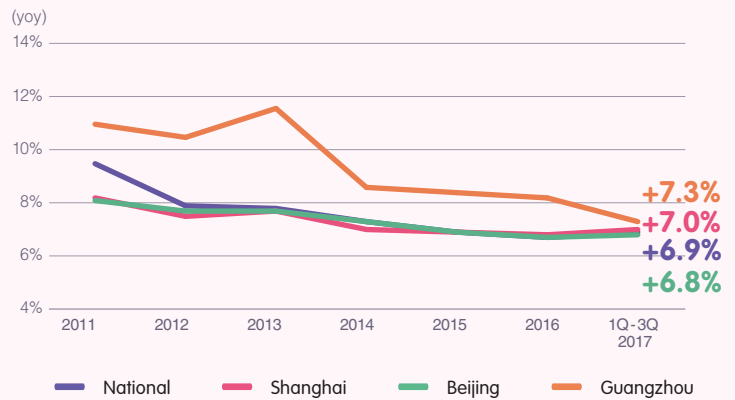


Note: Figures as at end of the period
Source: Hong Kong Transport Department

KEY MARKET TRENDS IN MAINLAND CHINA

Steady Gross Domestic Product Growth

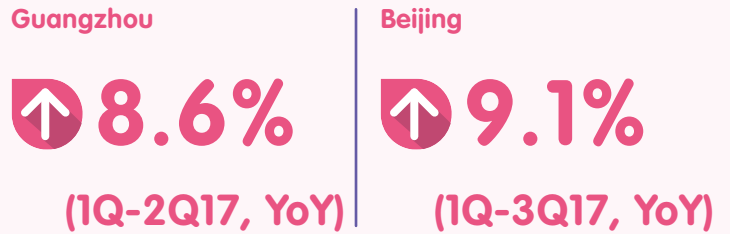
Mainland China maintained robust economic growth at 6.9% in the first three quarters in 2017. Beijing and Shanghai economies expanded with steady momentum while Guangzhou continued to lead the growth.



Sources: National Bureau of Statistics of China
 Beijing Municipal Bureau of Statistics
 Shanghai Municipal Statistics Bureau
 Statistics Bureau of Guangzhou Municipality

Strengthening Urban Household Disposable Income Per Capita

Beijing and Guangzhou witnessed sound economic progress and rapid income growth. Urban household disposable income is expected to rise further through rapid urbanisation, which bodes well for consumption.



Note: Latest available figure for Guangzhou is 1Q-2Q17
 Sources: Statistics Bureau of Guangzhou Municipality
 Beijing Municipal Bureau of Statistics

Shanghai Grade-A Office Rents Remained Flat

Shanghai grade-A office rents in the core CBD remained flat with demand supported mainly by the service sector. Despite new supply reaching record high in 2017, leasing momentum is expected to remain healthy and counteract the impact of new supply on rental levels.



Source: Jones Lang LaSalle

1

Building a More Productive and Higher Quality Portfolio

Management

Managing our properties to make them more productive is the core of our business model. With our management expertise gained over the years, we continue to enhance our tenant mix, provide more and better retail options to shoppers and drive asset returns.

In April 2016, we introduced our asset management model to improve operational performance. A dedicated team of experienced asset managers was established and each asset manager has direct responsibility for the overall performance of the portfolio of assets assigned to him or her. The asset managers have to create an asset plan for each property in collaboration with all functional areas such as property management, leasing and marketing. We are extending the holistic asset management approach to the entire portfolio. Effective 1 October 2017, all properties have been covered under the asset management model.

Hong Kong Portfolio

Retail

During the six months under review, we saw mild recovery in the Hong Kong retail market and our portfolio focusing on mass market non-discretionary trades continued to show resilience. As at 30 September 2017, occupancy rate for the portfolio remained stable at 96.3%. For the overall portfolio, reversion rate stood at 26.8% together with a 5.3% year-on-year growth in retail rental income. There has also been a 6.7% improvement in average monthly unit rent from HK\$55.3 psf as at 31 March 2017 to HK\$59.0 psf as at 30 September 2017.

96.3% Occupancy in Hong Kong

Operational statistics of the retail portfolio

	Occupancy rate		Reversion rate		% of total area ⁽¹⁾
	As at 30 September 2017 %	As at 31 March 2017 %	Six months ended 30 September 2017 %	Six months ended 30 September 2016 %	As at 30 September 2017 %
Shops	97.1	97.1	28.5	21.2	83.2
Markets/Cooked food stalls	91.1	90.3	12.8	17.8	9.3
Education/Welfare and Ancillary	93.5	91.4	14.4	19.1	7.5
Total	96.3	96.1	26.8	21.0	100.0

Note:

(1) Total excluding self-use office.

Retail portfolio breakdown

Properties ⁽²⁾	No. of properties	Retail properties valuation	Retail rentals	Average monthly unit rent ⁽¹⁾		Occupancy rate	
		As at 30 September 2017 HK\$'M	Six months ended 30 September 2017 HK\$'M	As at 30 September 2017 HK\$ psf	As at 31 March 2017 HK\$ psf	As at 30 September 2017 %	As at 31 March 2017 %
Destination	6	23,964	615	79.2	74.0	97.0	96.7
Community	34	64,625	1,687	69.1	65.7	96.9	96.8
Neighbourhood	85	38,061	1,022	42.4	39.4	95.5	95.2
700 Nathan Road ⁽³⁾	1	5,878	–	–	–	N.A.	N.A.
Total	126	132,528	3,324	59.0	55.3	96.3	96.1

Notes:

(1) Average monthly unit rent represents the average base rent plus management fee per month per square foot of leased area.

(2) Properties categorisation as at 30 September 2017.

(3) The acquisition of 700 Nathan Road was completed on 15 April 2016. As at 30 September 2017, the property was vacant due to renovation.

Portfolio lease expiry profile

(As at 30 September 2017)

	% of total area %	% of monthly rent %
2017/2018	17.2	17.5
2018/2019	29.8	27.1
2019/2020 and Beyond	47.0	52.7
Short-term Lease and Vacancy	6.0	2.7
Total	100.0	100.0

Car Parks

Link owns and manages over 69,000 parking spaces across Hong Kong. Contributing 19.0% to our portfolio in Hong Kong by value, income from car parks recorded a

year-on-year increase of 5.7% during the six months under review, and car park income per space per month increased by 11.7% year-on-year to HK\$2,463.

Key car park performance indicators

Car park income per space per month (HK\$)	Six months ended 30 September 2017 2,463	Six months ended 30 September 2016 2,206
Total valuation (HK\$'M)	As at 30 September 2017 32,792	As at 31 March 2017 30,813
Average valuation per parking space (HK\$'000)	475	446

Mainland China Portfolio

Our three properties in Mainland China – EC Mall in Beijing, Link Square 1 & 2 in Shanghai, and the newly-acquired Metropolitan Plaza in Guangzhou (acquisition completed on 11 May 2017) – continued to exhibit strong performance. Our Mainland China portfolio contributed a total revenue of HK\$399 million and net property income of HK\$310 million

during the period, representing a 38.1% and a 33.6% year-on-year increase respectively.

We continue to create value from these three properties which enhanced our overall portfolio quality. Retail reversion rates for EC Mall and Metropolitan Plaza were 30.7% and 62.1% respectively, whilst office reversion rate for Link Square 1 & 2 was 17.2% during the period.

92.4%

Retail Occupancy
EC Mall

99.1%

Retail Occupancy
Metropolitan Plaza

98.1%

Office Occupancy
Link Square 1 & 2

EC Mall retail lease expiry profile

(As at 30 September 2017)

	% of total area %	% of monthly rent %
2017/2018	13.5	16.5
2018/2019	10.0	13.2
2019/2020 and Beyond	68.9	70.3
Vacancy	7.6	0.0
Total	100.0	100.0

Metropolitan Plaza retail lease expiry profile

(As at 30 September 2017)

	% of total area %	% of monthly rent %
2017/2018	3.3	4.2
2018/2019	21.0	22.8
2019/2020 and Beyond	74.8	73.0
Vacancy	0.9	0.0
Total	100.0	100.0

Link Square 1 & 2 office lease expiry profile

(As at 30 September 2017)

	% of total area %	% of monthly rent %
2017/2018	2.8	3.5
2018/2019	9.7	9.7
2019/2020 and Beyond	85.6	86.8
Vacancy	1.9	0.0
Total	100.0	100.0

Enhancement

Asset enhancement is a continual process to improve the quality of and extract additional value from our existing portfolio. With careful planning and execution, our ongoing asset enhancement works unlock value through revitalising and repositioning our properties. The enhanced retail environment provides more productive places for tenants to do business and delivers growth to our Unitholders.

During the period, we completed six asset enhancement projects, including Lung Hang Commercial Centre, T Town (formerly known as Chung Fu Plaza), Cheung Wah Shopping Centre, Kwong Fuk Commercial Centre, Fu Tung Market and Tin Tsz Shopping Centre, all of which exceeded our return on investment target of 15%.

Return on investment of asset enhancement projects completed in the six months ended 30 September 2017

	Total project capex HK\$'M	Estimated return on investment ⁽¹⁾ %
Lung Hang Commercial Centre	58	21.4
T Town (formerly known as Chung Fu Plaza)	260	19.1
Cheung Wah Shopping Centre	101	17.6
Kwong Fuk Commercial Centre ⁽²⁾	31	20.4
Fu Tung Market ⁽²⁾	29	25.9
Tin Tsz Shopping Centre	38	37.7
Total	517	

Notes:

- (1) Estimated return on investment is calculated based on projected net property income post project minus net property income pre project divided by estimated project capital expenditure and loss of rental.
- (2) Project included a fresh market upgrade.

T Town's asset enhancement works in the North Wing have been completed. Prominent façade upgrades have enhanced the visibility of the centre from the main road and light rail transit tracks. The overall shopping experience and ambience improved after the refurbishments of common areas including new floors and ceilings. The trade mix has changed with increased number of shops and newly-introduced tenants. Re-layout of common areas and upgraded landlord provisions have been made in order to accommodate new trades. Together with the renovated market entrance and Barrier-free Access (BFA) facilities, the revitalised T Town will become a major shopping destination in Tin Shui Wai.



17.6% to 37.7%

**Return on Investment for
Asset Enhancement Projects
Completed during the Period**

The enhancement of Lung Hang Commercial Centre involved refurbishment and tenant mix revamp of the neighbourhood centre in Tai Wai. Connectivity and walkability have improved after adding an additional set of escalators between 1/F and 2/F. Natural ventilation and refurbished common areas provide a better ambience and overall shopping experience. During the enhancement of the shopping centre, the fresh market has also been upgraded by the external market operator.

Cheung Wah Shopping Centre, originally an open shopping centre, is now enclosed to create new air-conditioned arcades to capture the area's high footfall and spending. The number of tenants has increased with a number of newly-introduced tenants. New escalators and a lift were added to improve vertical circulation.

The enhancement works in Kwong Fuk Commercial Centre involved the installation of new escalators to improve vertical circulation. New trades have been introduced and to accommodate future tenant mix changes, landlord provisions were upgraded such as additional power supply. There has also been a re-layout of the market with the introduction of low-rise stalls to promote visibility.

Fu Tung Market, in Tung Chung with a growing population, has undergone major changes to improve visibility by transforming stalls to low-rise stalls and upgrading the entrance. Former food and beverage stalls were converted into new market stalls and new trades were introduced. New flooring, ceiling, lighting, air-conditioning and BFA toilets were also added.

Tin Tsz Shopping Centre in Tin Shui Wai has been refurbished with an upgraded tenant mix. The supermarket has been relocated and repartitioned to provide the residents with more food and beverage and retail options. The façade has also been revamped to improve the neighbourhood centre's visibility from the light rail station and Tin Yiu Estate.

Our asset enhancement pipeline remains full, with 14 projects currently underway, five preparing to commence and over 20 projects undergoing review.

Asset enhancement pipeline

	Number of projects	Estimated costs HK\$'M
Underway	14	1,097
Pending statutory approval	5	629
Others under planning	> 20	> 1,500
Total	> 39	> 3,226

Approved asset enhancement projects underway

	Estimated costs HK\$'M	Target completion date
Temple Mall South	153	Mid 2017
Siu Sai Wan Plaza	45	Late 2017
Lok Wah Commercial Centre	49	Late 2017
Tsz Wan Shan Shopping Centre – Retail	67	Late 2017
Tsui Ping North Shopping Circuit ⁽¹⁾	40	Late 2017
TKO Gateway Market ⁽¹⁾	91	Late 2017
Hin Keng Shopping Centre	34	Late 2017
Tin Chak Shopping Centre (1/F) ⁽¹⁾	44	Early 2018
Wan Tsui Commercial Complex	151	Mid 2018
Homantin Plaza ⁽¹⁾	130	Mid 2018
Sam Shing Commercial Centre	32	Mid 2018
Fu Shin Shopping Centre ⁽¹⁾	93	Mid 2018
Cheung Fat Plaza	98	Late 2018
Shun Lee Commercial Centre	70	Early 2019
Total	1,097	

Note:

(1) Project includes a fresh market upgrade.

Acquisition

Acquiring assets with good growth potential contributes to our strategy of improving portfolio quality to generate sustainable DPU growth.

Metropolitan Plaza

We completed the acquisition of Metropolitan Plaza in Guangzhou, China at the final consideration of RMB4,047 million on 11 May 2017. Located in Liwan district, one of the most densely-populated and high-performing retail areas in Guangzhou, Metropolitan Plaza is one of the few recently-built, high-quality shopping centres in the Pearl River Delta area. Since the takeover, occupancy has increased to 99.1% with the introduction of new tenants. A kid's education zone has been created with tenants focusing on children products and education. Over 50% of Metropolitan Plaza's tenancies are approaching the end of the first leasing cycle and will expire in the coming three years. There will be further room to refine the tenant mix and generate higher rental revenue.

700 Nathan Road

Renovation and pre-leasing of 700 Nathan Road are progressing according to schedule. The tower is scheduled to start operations by the end of 2017, with committed tenants including clinics, general retailers, a co-working business centre, a beauty centre and office users. The podium is expected to start operations in mid-2018, with committed tenants including specialty restaurants, cafés, fashion, beauty and lifestyle trades. Upon completion of the renovation, the podium will offer a young and vibrant shopping environment making it a new retail landmark in Mong Kok, while the tower will be ideal for services and semi-retail trades.

Disposal

We periodically review and enhance our portfolio by disposing non-core assets lacking synergy with our other assets in the portfolio. In the six months under review, no asset disposal took place.

Development

Development allows us to be involved in the early stages of the property development lifecycle to drive growth in our portfolio.

Construction of The Quayside – our joint venture project with Nan Fung Development Limited at 77 Hoi Bun Road in Kowloon East – continues to progress on schedule. Following the announcement of J.P. Morgan as the anchor tenant which has agreed to lease an aggregate of over 250,000 sq ft, we continue to target tenants in banking and finance, renowned multinational corporations and professional service firms that are looking to consolidate their offices or move their operations to Kowloon East, Hong Kong's second CBD and a destination with growing popularity. This top of the class grade-A commercial development has received LEED platinum, BEAM Plus platinum and WELL gold pre-certifications. With the current construction progress, we target to complete the building works in early 2019.

Strategic Review

In July 2017, we announced a strategic review to further optimise our asset portfolio and maximise value for Unitholders. The ongoing review is investigating how to better position Link for future growth. As we prepare for the future, our focus will continue to be on sustaining DPU growth with a higher quality portfolio.

2

Maintaining a Prudent and Flexible Capital Structure

During the period under review, Hong Kong's market was flooded with liquidity due to strong capital inflows into Hong Kong, as evident in accelerated increase in foreign currency reserves that have pushed HK\$ interest rates below US\$ interest rates to a level not seen in recent years. Despite the 0.25% US Federal Fund rate hike in June 2017, 1-month HIBOR was largely unchanged in the last three months of the period.

In the Hong Kong banking market, loan margins continued to be under pressure and have remained at the lowest level since the financial crisis in 2009. The Group refinanced a HK\$1 billion bank loan with 5-year maturity at an all-in cost of HIBOR + 0.80% per annum.

As at 30 September 2017, the effective interest cost of the Group's debt portfolio was reduced to 2.50% (31 March 2017: 2.65%) and the percentage of fixed rate debt to gross debt was largely maintained at 58.9% (31 March 2017: 61.4%). Average life of fixed rate debt, representing the average period of interest rate protection provided by fixed rate debt, was also maintained at 5.8 years (31 March 2017: 6.3 years).

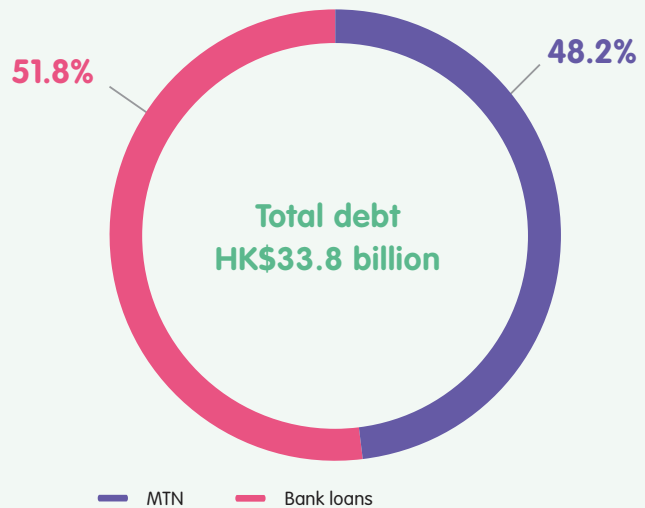
As at 30 September 2017, the Group's total debt increased to HK\$33.8 billion (31 March 2017: HK\$28.0 billion) and gearing ratio increased to 17.4% (31 March 2017: 15.6%). Available liquidity stood at HK\$4.6 billion (31 March 2017: HK\$10.7 billion), comprising HK\$0.6 billion (31 March 2017: HK\$0.6 billion) in cash and deposits and HK\$4.0 billion (31 March 2017: HK\$10.1 billion) in undrawn facilities. Average life of committed debt facilities remained stable at 4.4 years (31 March 2017: 4.7 years).

As part of Link's capital recycling strategy, we used part of the proceeds from asset disposals to buy back 14.7 million units during the period under review at the average price of HK\$63.18 per unit, which is equivalent to 5.9% discount to net asset value per unit as at 30 September 2017 of HK\$67.11.

2.50% Effective Interest Rate

On 21 July 2017, Standard & Poor's upgraded Link's anchor rating from "a" to "a+" in view of our strong market position, strengthened asset quality and improving geographic diversification. Link's key rating trigger – the ratio of funds from operation to debt – was relaxed from 15% to 12% while our overall credit rating was affirmed at "A/Stable". As a result of this relaxation in rating trigger, Link was given higher flexibility in raising debt to finance future acquisition when opportunities arise. On 18 August 2017, Moody's also affirmed Link's credit ratings at "A2/Stable".

Funding base
(As at 30 September 2017)



Credit Ratings

A/Stable | **A2/Stable**

Committed debt facilities ⁽¹⁾

(As at 30 September 2017)

(HK\$ billion)	Fixed rate debt ⁽²⁾	Floating rate debt ⁽²⁾	Utilised facilities	Undrawn facilities	Total committed facilities
Unsecured bank loans	10.0	7.5	17.5	4.0	21.5
MTN	9.9	6.4	16.3	–	16.3
Total	19.9	13.9	33.8	4.0	37.8
Percentage	58.9%	41.1%	89.4%	10.6%	100%

Notes:

(1) All amounts are at face value.

(2) After interest rate swaps.

Facility maturity profile ⁽¹⁾

(As at 30 September 2017)

(HK\$ billion)	Unsecured bank loans	MTN	Undrawn facilities	Total
Due in 2017/2018	0.5	–	–	0.5
Due in 2018/2019	1.8	1.1	1.6	4.5
Due in 2019/2020	5.5	1.3	–	6.8
Due in 2020/2021	3.0	0.4	2.0	5.4
Due in 2021/2022 and beyond	6.7	13.5	0.4	20.6
Total	17.5	16.3	4.0	37.8

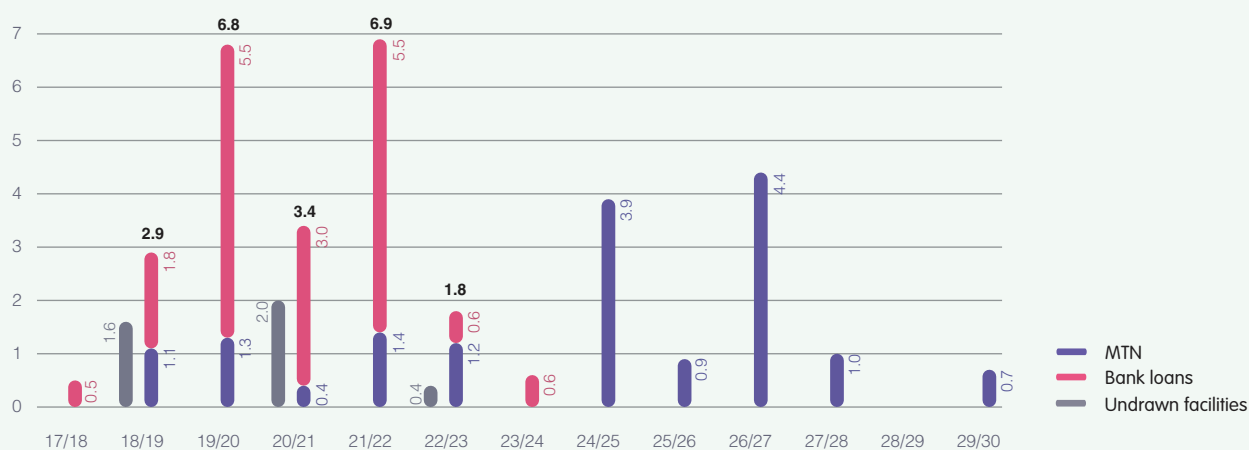
Note:

(1) All amounts are at face value.

Facility maturity profile ⁽¹⁾

(As at 30 September 2017)

HK\$ billion



Note:

(1) All amounts are at face value.

3

Developing a Strong Management Team

At Link, our success lies in integrating our core values into everything we do. These core values are more than a mission statement or a promise. They are the inspiration for how we do business, treat each other and take care of the communities around us.

To ensure our productivity and our overall salary, bonus and other benefits remain competitive, we regularly review our workforce composition, compensation packages and the learning and development programmes we offer.

We continue to cultivate a culture that “Links People to a Brighter Future” by hiring talented people and empowering them. We foster a diverse workforce that not only reflects the communities we serve, but also encourages the flourishing of opinions and ideas. As at 30 September 2017, we had 907 staff.

Gender balance

(As at 30 September 2017)

	% Male	% Female
Employees ^{(1), (2)}	49.8	50.2
Senior Management ⁽²⁾	60.0	40.0
Board	69.2	30.8

Notes:

(1) Excluding senior management.

(2) Excluding CEO and CFO.

Board Diversity

69.2% Male

30.8% Female

Leadership and Talent Development

We are committed to developing and retaining top performers and providing them with relevant learning and development opportunities. The establishment of the Link Competency Framework in 2016 laid a strong base for our talent management strategy. We have recently introduced the Competency-based Training Framework to be more targeted in fulfilling the training and development needs of our employees. We identify the management and leadership capabilities we possess today and assess the needs we require to sustain our development in the future. A forward-looking Training and Development Curriculum has been established, with relevant courses and programmes supporting employees to achieve their best in current positions, setting them up for their future career growth, and helping Link achieve superior performance.

Listening to our Employees

While supporting the development of employees, we also value their opinions and have been using employee surveys to assess how well we live up to our Vision, Mission and Values. Recently, the survey is revamped and expanded so that we can gather more input and opinions from our employees. With better insights into our staff, we can better enable them to thrive in the workplace. Staff focus groups and follow-up plans will ensure that their opinions are considered and implemented as appropriate.

Long-term Incentive Scheme

The long-term incentive plan adopted by Link in 2007 expired in July 2017. The Board adopted the new long-term incentive scheme on 10 July 2017. The new scheme intends to attract and retain key executives and employees. Further details of the 2017 long-term incentive scheme are set out on pages 32 to 33 of this Interim Report.

4

Helping our Tenants and Communities Grow while Delighting Shoppers

Tenant Mix

With over 10,800 tenancies in our Hong Kong portfolio, we provide nearby communities vibrant shopping experiences by refining trade mix and improving tenant business environment. During the six months under review, the average monthly retail gross sales per square foot of

our Hong Kong tenants continued to improve and rose by 7.2% as compared to the last corresponding period. Daily necessity trades continued to grow solidly, with "Food and Beverage" and "Supermarket and Foodstuff" posting year-on-year growth in gross sales per square foot of 10.3% and 5.6%, respectively, while "General Retail" recorded an increase of 6.0%.

Hong Kong portfolio retail trade mix

(As at 30 September 2017)

Trade	By monthly rent %	By leased area %
Food and Beverage	27.5	29.1
Supermarket and Foodstuff	22.1	18.2
Markets/Cooked Food Stalls	14.5	8.8
Services	10.2	9.3
Personal Care/Medicine	5.8	3.9
Education/Welfare and Ancillary	1.0	7.4
Valuable Goods (Jewellery, watches and clocks)	0.8	0.4
Others ⁽¹⁾	18.1	22.9
Total	100.0	100.0

Note:

(1) Others include clothing, department stores, electrical and household products, optical, books and stationery, newspaper, leisure and entertainment.

In the period, rent-to-sales ratio of the Hong Kong portfolio was 12.7%. Specific trade categories such as "Food and Beverage", "Supermarket and Foodstuff" and "General Retail" recorded rent-to-sales ratios of 12.8%, 10.8% and 14.8%, respectively.

Tenant Academy

Launched in 2009, the main objective of the Link Tenant Academy is to help our tenants do better business by imparting valuable business know-how, latest retail and service trends and share operational improvement tips. We have recently made several enhancements to the Tenant Academy including the launch of the Tenant Excellence Award. This award uses a mystery shopper approach to assess tenants' operations and encourage them to continually improve their services and offerings.

Link Together Initiatives

Every year, Link earmarks up to 0.25% of net property income for the previous financial year to fund selected projects through Link Together Initiatives, our flagship charity and community engagement programme. These projects are administered by various charities and their primary objective is to improve the livelihoods of local communities. For the latest 2017/2018 Link Together Initiatives, approximately HK\$9 million has been earmarked and selected projects have been announced in August 2017.

Link Community Sentiment Index

We believe *sustainability is good for those around us and therefore good for our business*. We continually look for ways to take the pulse of local community sentiment and trends to ensure we can best meet their needs. Link CSI is an indicator of district-level consumer sentiment. Since 2014, we have conducted quarterly surveys to monitor district level sentiment based on three key drivers:

- 1) Personal finances;
- 2) Job prospects; and
- 3) Spending intentions.

Link CSI is a key indicator for our business as it helps to:

- Assess and benchmark community attitudes on local economy, personal finances and spending habits;
- Gauge changes in future spending habits of local communities, so that Link can respond accordingly and sustain our business in the long-run; and
- Support internal decision-making by incorporating quantifiable measures of changing community sentiment.

Subsequent to 2015, Link CSI has generally outperformed HK CCI, which signals the relative confidence of Link's consumers and resilience of the local community.

Financial Review

As a leading provider of retail space in Hong Kong, Link had a good start in 2017/2018 with another strong set of financial results mainly contributed by our organic portfolio.

Hong Kong Portfolio

Revenue Analysis

Link continued to see steady contributions from our retail and car park portfolio during the period. Total revenue rose 5.3% to HK\$4,550 million (six months ended 30 September 2016: HK\$4,319 million), comprising rental income from retail properties of HK\$3,324 million (six months ended 30 September 2016: HK\$3,157 million), car parks

of HK\$1,022 million (six months ended 30 September 2016: HK\$967 million) and other property related revenue of HK\$204 million (six months ended 30 September 2016: HK\$195 million).

Our resilient portfolio of retail properties continued to help our tenants thrive in different economic cycles. Retail rentals recorded a 5.3% increase on the back of satisfactory rental reversion. Active tenant mix enhancement was in place to assure improvements in footfall, occupancy and tenant sales across different trades. Car park rentals have also improved in view of supply and demand imbalance in parking spaces, as well as the increasing popularity of our shopping centres among shoppers with cars.

Revenue breakdown

	Six months ended 30 September 2017 HK\$'M	Six months ended 30 September 2016 HK\$'M	Year-on-year change %
Retail rentals:			
Shops ⁽¹⁾	2,704	2,551	6.0
Markets/Cooked Food Stalls	451	440	2.5
Education/Welfare and Ancillary	73	74	(1.4)
Mall Merchandising	96	92	4.3
Car parks rentals:			
Monthly	769	726	5.9
Hourly	253	241	5.0
Expenses recovery and other miscellaneous revenue:			
Property related revenue ⁽²⁾	204	195	4.6
Total revenue	4,550	4,319	5.3

Notes:

(1) Rental from shops included base rent of HK\$2,647 million (six months ended 30 September 2016: HK\$2,486 million) and turnover rent of HK\$57 million (six months ended 30 September 2016: HK\$65 million), respectively.

(2) Property related revenue included other revenue from retail properties of HK\$201 million (six months ended 30 September 2016: HK\$193 million) and car parks of HK\$3 million (six months ended 30 September 2016: HK\$2 million).

Expense Analysis

Due to the impact of the disposal of 14 properties in total during 2016/2017, total property operating expenses decreased slightly by 1.6% during the period. Net property income margin improved to 76.0% (six months ended 30 September 2016: 74.3%) due to tight cost control in managing our business.

Property managers' fees and security and cleaning expenses grew by 0.4% partly due to 6.2% increase in statutory minimum wage since May 2017. Utility expenses decreased by 4.4% which was in part a result of our continuous efforts in the energy saving as well as improvement in the efficiency of our building management system.

Property operating expenses breakdown

	Six months ended 30 September 2017 HK\$'M	Six months ended 30 September 2016 HK\$'M	Year-on-year change %
Property managers' fees, security and cleaning	280	279	0.4
Staff costs	224	215	4.2
Repair and maintenance	101	117	(13.7)
Utilities	172	180	(4.4)
Government rent and rates	144	147	(2.0)
Promotion and marketing expenses	50	49	2.0
Estate common area costs	51	53	(3.8)
Other property operating expenses	71	71	–
Total property operating expenses	1,093	1,111	(1.6)

Mainland China Portfolio

EC Mall in Beijing and Link Square 1 & 2 in Shanghai have been delivering promising results since Link acquired them in 2015. Upon the completion of acquisition of Metropolitan Plaza in Guangzhou in May 2017, our Mainland China portfolio has expanded to three tier-one cities in Mainland China, resulting in a 38.1% year-on-year increase in total revenue from Mainland China to HK\$399 million (six months ended 30 September 2016: HK\$289 million), and a 33.6% year-on-year increase in net property income to HK\$310 million (six months ended 30 September 2016: HK\$232 million).

Performance of EC Mall in Beijing and Link Square 1 & 2 in Shanghai was encouraging. EC Mall continued to achieve strong reversion and maintain high occupancy. We replaced a large restaurant with a number of international and local brands expanding their footprints to EC Mall, strengthening its tenant mix. Link Square 1 & 2 maintained high occupancy and reversion, largely due to the space being taken up by expanding and new tenants at market-level rents. For our latest acquisition in Guangzhou, Metropolitan Plaza's occupancy increased with outstanding rental reversion since we took over the asset in May 2017. This latest acquisition has further proven our capability in identifying and managing assets with good growth potential in Mainland China.

Valuation Review

Total value of investment properties (including property under development and renovation and properties in Mainland China) grew 9.1% from HK\$174,006 million as at 31 March 2017 to HK\$189,818 million as at 30 September 2017.

Value of our Hong Kong retail properties increased 6.2% to HK\$132,528 million (31 March 2017: HK\$124,739 million) while the value of car parks increased 6.4% to HK\$32,792 million (31 March 2017: HK\$30,813 million). Such increase was mainly driven by an increase in net property income as the quality of our portfolio continuously improved. Value of the Hong Kong property under development in Kowloon East also increased to HK\$7,691 million (31 March 2017: HK\$7,349 million).

Properties in Mainland China were valued at HK\$16,807 million as at 30 September 2017, representing a 51.3% increase (31 March 2017: HK\$11,105 million), largely due to the addition of Metropolitan Plaza in Guangzhou.

Jones Lang LaSalle Limited, Link's Principal Valuer, valued our completed properties in Hong Kong and Mainland China using income capitalisation and discounted cash flow approaches, and cross-referenced to direct comparison approaches. For the property under development, the residual method was used. For the property under renovation, the income capitalisation approach was used and cross-checked with the direct comparison approach.

Valuation approach

	As at 30 September 2017	As at 31 March 2017
Income capitalisation approach – capitalisation rate		
Hong Kong		
Retail properties: weighted average	4.52%	4.53%
Car parks: weighted average	4.74%	4.74%
Overall weighted average	4.57%	4.57%
Mainland China		
Retail properties	4.50% – 4.75%	4.50%
Office properties	4.25%	4.25%
DCF approach – discount rate		
Hong Kong	7.50%	7.50%
Mainland China		
Retail properties	7.25% – 7.75%	7.25% – 7.50%
Office properties	7.25%	7.25%



Aligning People and Expectations

With a promise to “Link People to a Brighter Future”, Link plays an integral part of Hong Kong by connecting all walks of life in the community.

Link Community Tour

Link is working with Marriott International Inc. and the Hong Kong Tourism Board to further our commitment to bringing all members of the community closer together with “Link Community Tour”. The tours allow international visitors and local residents to explore the city’s hidden gems in a series of interactive journeys in various districts. Through such immersive experience, we encourage participation amongst visitors as well as the physically-challenged to foster a more inclusive and welcoming society.





Delivering and Building for the Future

To become a world class real estate investor and manager, serving and improving the lives of those around us, we have to find the right balance to create the best outcomes for economic, as well as social and environmental aspect of our business. Our shopping centres are important contributors to smart, sustainable cities and drivers of the future economy.

Waste Management

Waste separation is currently practised in all markets, including both direct managed and single-letting markets, with the amount of waste is recorded. We also work with NGOs to collect surplus food and distribute them to people in need.



Corporate Governance

Link is a collective investment scheme and a constituent of the Hang Seng Index. It is managed by Link Asset Management Limited. Link believes responsible governance should transcend mere fulfilling of regulatory requirements to becoming a value that is shared and upheld within Link. Good corporate governance is the cornerstone for long-term success. Link's corporate governance framework is supported by checks and balances via risk management and internal controls, internal and external audit, and Trustee's and SFC's oversights.

Our Board and Board Committees

Our Board leads and provides insights to management, sets strategy and risk appetite proposed by management, and monitors business development against agreed targets. Our Board is characterised by its high degree of diversity and strong independence among members.

As at the date of this report, our Board has 13 members, including 10 INEDs, 1 NED and 2 EDs (being the CEO and the CFO).

The roles of the Board Chairman (who is an INED and responsible for running the Board) and the CEO (who has executive responsibility for running Link's business) are separate and undertaken by two different individuals to maintain an effective segregation of duties.

In the course of discharging its duties, the Board is assisted by the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Finance and Investment Committee, and their respective composition is set out below:

Name	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee	Finance and Investment Committee
Nicholas Charles ALLEN (<i>Chairman</i>)		✓ ^(C)		✓ ^(C)
William CHAN Chak Cheung	✓	✓	✓	
Ed CHAN Yiu Cheong				✓
Blair Chilton PICKERELL		✓	✓	
Poh Lee TAN	✓			
May Siew Boi TAN	✓	✓		
Peter TSE Pak Wing	✓ ^(C)		✓	
Nancy TSE Sau Ling	✓			
David Charles WATT			✓ ^(C)	✓
Elaine Carole YOUNG			✓	✓
Ian Keith GRIFFITHS				✓
George Kwok Lung HONGCHOY (<i>CEO</i>)		✓		✓
Andy CHEUNG Lee Ming (<i>CFO</i>)				✓

(C) = chairman

✓ = member

To strike for a balance of accountability, certain matters are specifically reserved for the Board while certain duties are delegated to the Board Committees. Matters reserved for the Board as well as the respective terms of reference of the four Board Committees can be found in the "Corporate Governance" homepage on Link's corporate website (Linkreit.com).

Updates on Directors' Information since Annual Report 2016/2017

Change of Composition of Audit and Risk Management Committee

- Mr Peter TSE Pak Wing became the chairman of the Audit and Risk Management Committee effective from 8 June 2017.
- Mr William CHAN Chak Cheung retired from the role of chairman and became a member of the Audit and Risk Management Committee effective from 8 June 2017.

Updates on Directors' Biographical Information

- Mr George Kwok Lung HONGCHOY was appointed as a trustee of Urban Land Institute effective from 1 July 2017.
- Ms May Siew Boi TAN ceased to be a council member of Oxfam Hong Kong effective from 16 September 2017, and also ceased to be its Vice Chairman.

Full biographies of our Directors can be found in Link's corporate website (Linkreit.com).

Corporate Governance Policy and Practices

The corporate governance policy and practices adopted during the six months ended 30 September 2017 remained in line with those in place for the financial year ended 31 March 2017 as disclosed in the corporate governance report in Link's annual report 2016/2017, including the modification to the rigid application of code provision A.4.2 of the Listing Rules Corporate Governance Code such that the two EDs are not subject to retirement by rotation at annual general meetings to preserve business continuity and longevity at top management level.

Regulatory Compliance

Throughout the six months ended 30 September 2017:

- Link and the Manager complied with the REIT Code, the SFO, applicable provisions of the Listing Rules, the Trust Deed and the Compliance Manual;
- Link and the Manager applied the principles and complied with, to the extent appropriate, the code provisions in the Listing Rules Corporate Governance Code;
- all the Directors, after making specific enquiry on each of them, confirmed that they complied with the required standard set out in the Link Securities Dealing Code, which was adopted to govern dealings in securities of Link by Directors, senior management, and other employees of certain senior grades of the Manager, and its terms are regularly reviewed and updated (as and when required) to ensure that they are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules; and
- the Manager continued to adopt stringent internal procedures to preserve confidentiality of inside information and complied with the requirements of Part XIVA of the SFO.

Pursuant to the Link Securities Dealing Code, Directors or senior management or other relevant senior employees of the Manager wishing to deal in the securities of Link must first have regard to the provisions of Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct. They must also refrain from dealing in the securities of Link if they are aware of, or are privy to, any negotiations or agreements relating to intended acquisitions or disposals, or have been otherwise in possession of unpublished inside information, until proper disclosure of the inside information in accordance with the REIT Code and the Listing Rules has been made. The Manager also imposes and enforces (as and when required) black-out on Directors and relevant staff members who have participated in the preparation of Link's interim and final results announcements and the related reports or are involved in corporate transaction activities or in possession of inside information in the manner as required by the Listing Rules, the inside information provisions of the SFO and the Compliance Manual. Staff members subject to black-out will be suspended from participating in the EUPP until the black-out is lifted.

Long-term Incentive Schemes

2007 LTI Plan

The 2007 LTI Plan was adopted by Unitholders on 23 July 2007 and had expired on 22 July 2017 after being in operation for 10 years. Since its adoption and up to 30 September 2017, a total number of 13,798,620 new units were issued in satisfaction of awards vested under the 2007 LTI Plan. The total number of new units issued represents approximately 0.6% calculated on the basis of 2,199,876,472 units in issue as at 30 September 2017. After its expiry, no further awards shall be granted under the 2007 LTI Plan. Nonetheless, awards granted and accepted prior to expiry but yet to vest shall continue to have effect and be governed by the rules of the 2007 LTI Plan. New units may be issued in satisfaction of such outstanding awards upon vesting. Details of movement of awards under the 2007 LTI Plan in the period appear on pages 39 to 41 of this report.

2017 LTI Scheme

On 10 July 2017, the Board (upon review and on the recommendation of the Remuneration Committee) adopted the 2017 LTI Scheme. The objectives of the 2017 LTI Scheme are to:

- align the interests of the participants with the Unitholders as a whole with a view to creating value for Link and the Unitholders;
- enable the Manager to attract and retain talented management and key employees whose contributions are essential to the achievement of the strategic goals and the long-term growth of Link; and
- incentivise management and key employees of Link through rewarding them in calibration of their contributions to the business performance and success of Link.

Summary of Key Terms of the 2017 LTI Scheme

Key Terms	2017 LTI Scheme	2007 LTI Plan
Duration	10 years from adoption date	Same
Unit option	Not available	Available but never been granted
Participants	Directors and key employees of the Manager, the Manager's subsidiaries and SPVs of Link	Directors and key employees of the Manager only
Total number available	10% of units in issue as of adoption date	Same
Limit for participant (other than INED/NED)	1% of units in issue in any 12-month period	Same
Limit for INED/NED	0.1% of units in issue in any 12-month period for INED and NED	0.1% of units in issue in any 12-month period for INED only
Method of satisfaction	Market purchases and no new unit will be issued to satisfy awards on vesting	New units are issued to satisfy awards on vesting
Vesting period	Normally spreading over a period of 3 years, with 50% vesting on the 2nd anniversary and 50% on the 3rd anniversary of date of grant	Same
Conditional cash award	Granted together with restricted unit award and paid on vested units only	Same
Vesting targets	<ul style="list-style-type: none"> • Tenure-based only with no performance-linked target for INED or NED • Performance-linked targets for EDs and selected senior management and key employees: <ul style="list-style-type: none"> – Performance is measured along a scale with appropriate weighting on business performance and total returns to Unitholders during the vesting period concerned – 0% vesting is possible and maximum vesting is capped 	<ul style="list-style-type: none"> • Same • Same

Unlike the 2007 LTI Plan, the 2017 LTI Scheme does not involve the issue of new units which eliminates dilution impact to Unitholders. The Board adopted the 2017 LTI Scheme having taken into account the success of using unit awards to attract and retain key executives and employees under the 2007 LTI Plan and the growing popularity of share award schemes with listed companies as a compensation tool to compete for talents. Market studies and advice from an external independent consultant had been taken by the Board in adopting the 2017 LTI Scheme. That external independent consultant also helped collect views from stakeholders. Details of the principal terms of the 2017 LTI Scheme were set out in the announcement of Link dated 10 July 2017. Details of movement of awards under the 2017 LTI Scheme in the period appear on pages 42 to 43 of this report.

Other Information Updates

Review by Audit and Risk Management Committee and Auditor

The condensed consolidated interim financial information of Link for the six months ended 30 September 2017 had been reviewed by the Audit and Risk Management Committee and Link's auditor.

Employee Unit Purchase Plan

During the period under review, 398 eligible employees of the Manager participated in the EUPP who together purchased 119,157 units on the Stock Exchange through an independent third party intermediary (currently, Bank of China (Hong Kong) Limited) at a total consideration of approximately HK\$7,592,031, of which an amount of HK\$1,068,984 was subsidised by the Manager. The amount of subsidy for each eligible employee was determined in accordance with the rules of the EUPP with reference to such employee's length of service and appraised performance.

Link Together Initiatives

During the period under review, upon the recommendation of the selection committee, the Board approved charitable donations and sponsorships of approximately HK\$9 million under the Link Together Initiatives (i.e. the charity and community engagement programme of Link) for the financial year ending 31 March 2018, to sponsor 6 major fund projects and the First Generation University Student Scholarship. The themes of these major fund projects and the scholarship are all in line with the focus of the programme to support the well-being of the elderly and the disadvantaged and the education, training and development of children and youth services in the communities around Link's properties.

Issue of New Units

During the period under review, 1,561,196 new units were issued pursuant to the 2007 LTI Plan. Based on 2,199,876,472 units in issue as at 30 September 2017, the number of new units issued in the period represents approximately 0.07%.

Buy-back, Sale or Redemption of Link's Listed Units

During the period under review, the Manager (on behalf of Link) bought back a total of 14,687,000 units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK\$928 million. Further details are set out as follows:

Month	Number of units bought back	Purchase price per unit		Aggregate consideration (excluding expenses) HK\$'M
		Highest HK\$	Lowest HK\$	
2017				
July	153,500	62.00	61.55	9.5
August	13,194,000	64.00	62.40	833.7
September	1,339,500	64.00	63.05	84.7

All the units bought back were cancelled prior to the period end. All unit buy-backs by the Manager in the period were carried out pursuant to the general mandate to buy back units granted by the Unitholders that was in force in the relevant time, and were made in the interest of Link and the Unitholders as a whole. The average cost (excluding expenses) of the units bought back was approximately HK\$63.18 per unit.

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

Unitholders Statistics

As at 1 April 2017, there were 2,213,002,276 units of Link in issue. During the period under review, 1,561,196 new units were issued and 14,687,000 units were bought back and cancelled. As at 30 September 2017, there were 2,199,876,472 units of Link in issue, which were held by 23,573 registered Unitholders according to the register of Unitholders of Link. HKSCC Nominees Limited (through which most holders hold their units in Link) remained as the single largest registered Unitholder holding 2,110,388,730 units (approximately 95.9%).

Based on the closing price of HK\$63.30 per unit and 2,199,876,472 units then in issue, the market capitalisation of Link as at 30 September 2017 was approximately HK\$139.3 billion. Please see Note 22 to the condensed consolidated interim financial information in this report for further details.

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.

As at the date of this report, Link does not have any controlling nor significant Unitholder (i.e. having an unitholding of 10% or more).

Investor Relations

The Manager continually communicates with the investment community to ensure that analysts, retail and institutional investors are sufficiently informed, and to gauge their views on the business objectives, activities and future direction of Link. There are currently 17 equity research analysts covering Link. Since April 2017, the Manager participated in the following events:

Event	Number
Individual meetings and conference calls	268
Investors' conferences/corporate days	6
Post results/Non-deal roadshows to Asia, Australia, Europe & the United States	5
Site visits for interested parties	13

Acquisition and Disposal of Real Estate

As at 1 April 2017, Link's portfolio comprised 159 assets (including 156 investment properties and 1 property development project in Hong Kong as well as 2 investment properties in China). Complete list and relevant details of those properties and the property development project can be found on pages 123 to 157 of the "Governance, Disclosures and Financial Statements" report of Link's annual report 2016/2017.

During the period under review, Link acquired Metropolitan Plaza in Liwan District, Guangzhou, China which was announced and completed, respectively, on 7 April 2017 and 11 May 2017. The final consideration for this acquisition was RMB4,047,151,009.

As at 30 September 2017, Link's portfolio comprised 160 assets (including 156 investment properties and 1 property development project in Hong Kong as well as 3 investment properties in China). Save as disclosed above, neither Link nor any of its subsidiaries acquired or disposed of any real estate in the period under review.

Property Development and Related Activities

Link, through the joint venture with Nan Fung Development Limited on, respectively, 60% to 40% equity ratio, acquired a piece of land (N.K.I.L. 6512) for development of the property now known as The Quayside.

Updates on the commercial development project pursuant to 7.2A of the REIT Code since Link's annual report 2016/2017 are as follows:

- Construction of The Quayside continues to progress on schedule. With the current construction progress, it is targeted to complete the building works in early 2019.
- Based on (i) the total development costs (including land premium) of HK\$9.9 billion and (ii) Link's 60% interest in the joint venture, Link's portion of the total development costs is estimated at approximately HK\$5.94 billion, which (a) represents approximately 3.3% of the total gross asset value of Link as at 30 September 2017 (after adjusting for the interim distribution payable for the six months ended 30 September 2017); and (b) is within the GAV Cap.

Changes after Financial Period End

This report has taken into account changes occurred since the end of the six-month period on 30 September 2017 up to the date of approval of this report by the Board on 8 November 2017.

Hong Kong, 8 November 2017

Disclosures

Disclosure of Interests

Interests and Short Positions of Unitholders Required to be Disclosed under the SFO

According to the disclosure of interests to the Stock Exchange and the Manager pursuant to the provisions of Part XV of the SFO and the register kept by the Manager, the following persons held an interest of 5% or more in the units and underlying units of Link as at 30 September 2017:

Name	Capacity	Number of units/ underlying units in long position (L)/ short position (S)	Approximate percentage of total units in issue ⁽⁴⁾ %
Stichting Pensioenfonds ABP	Investment manager	(L) 113,471,409 ⁽¹⁾	5.15%
APG Groep N.V.	Investment manager	(L) 113,471,409 ⁽¹⁾	5.15%
APG Asset Management N.V.	Investment manager	(L) 113,471,409 ⁽¹⁾	5.15%
The Capital Group Companies, Inc.	Interests of controlled corporations	(L) 156,344,116 ⁽²⁾	7.10%
Capital Research and Management Company	Direct interests and interests of controlled corporations	(L) 138,230,548 ⁽²⁾	6.28%
BlackRock, Inc.	Interests of controlled corporations ⁽³⁾	(L) 159,247,051 ⁽³⁾ (S) 206,000 ⁽³⁾	7.23% 0.00%
State Street Corporation	Interests of controlled corporations	(L) 124,191,103	5.64%

Notes:

- (1) APG Asset Management N.V. is a wholly-owned subsidiary of APG Groep N.V. which itself is a non-wholly owned subsidiary of Stichting Pensioenfonds ABP. Therefore, APG Asset Management N.V., APG Groep N.V. and Stichting Pensioenfonds ABP were interested or deemed to be interested in the same block of 113,471,409 units as shown in the above table and these interests in units were overlapped.
- (2) The Capital Group Companies, Inc. is the controlling corporation of Capital Research and Management Company and therefore it was deemed to be interested in the same block of 138,230,548 units in which Capital Research and Management Company was interested. In addition, The Capital Group Companies, Inc. was deemed to be interested in 18,113,568 units through four other controlled corporations, namely, Capital Guardian Trust Company (11,652,672 units), Capital International, Inc. (4,894,302 units), Capital International Limited (498,042 units) and Capital International Sàrl (1,068,552 units).
- (3) The long position interests of BlackRock, Inc. in 159,247,051 units and short position interests in 206,000 units were held through various controlled corporations of varying amounts. Two of those controlled corporations had an interest over 5%, being BlackRock Holdco 2, Inc. (which had long position interests in 156,220,386 units (7.10%) and short position interests in 102,000 units) and BlackRock Financial Management, Inc. (which had long position interests in 154,066,786 units (7.00%) and short position interests in 102,000 units). Since both companies are wholly-owned by BlackRock, Inc., their aforesaid interests overlapped with part of the interests of BlackRock, Inc. as shown in the table above. The interests held by BlackRock, Inc. as shown in the above table included certain long position interests (16,500 underlying units) and short position interests (137,500 underlying units) in cash settled unlisted derivatives.
- (4) The approximate percentages were calculated based on 2,199,876,472 units in issue as at 30 September 2017 (rounded down to two decimal places).

Save as disclosed above, based on the disclosure of interests to the Stock Exchange and the Manager pursuant to the provisions of Part XV of the SFO and the register kept by the Manager, there were no other person having an interest of 5% or more in the units and underlying units of Link as at 30 September 2017.

Interests of Directors in Units

According to the disclosure of interests to the Stock Exchange and the Manager pursuant to the provisions of Part XV of the SFO and the register kept by the Manager, the interests of the Directors in units and underlying units of Link as at 30 September 2017 were as follows:

Name	Number of units				Interest in underlying units ⁽²⁾	Total interest held at 30 Sep 2017	Approximate percentage of total units in issue ⁽³⁾ %	Total interest held at 31 Mar 2017
	Personal interest ⁽¹⁾	Family interest	Corporate interest	Other interest				
Chairman (also an Independent Non-Executive Director)								
Nicholas Charles ALLEN	50,000 ⁽¹⁾	–	–	–	50,000	100,000	0.0045	77,500
Executive Directors								
George Kwok Lung HONGCHOY	2,482,962	–	–	–	1,178,650	3,661,612	0.1664	3,043,462
Andy CHEUNG Lee Ming	630,928	–	–	–	297,976	928,904	0.0422	789,428
Non-Executive Director								
Ian Keith GRIFFITHS	56,470	–	–	–	19,250	75,720	0.0034	68,720
Independent Non-Executive Directors								
William CHAN Chak Cheung	147,210	–	–	–	17,500	164,710	0.0075	164,710
Ed CHAN Yiu Cheong	–	–	–	–	15,000	15,000	0.0007	8,000
Blair Chilton PICKERELL	–	–	–	–	15,500	15,500	0.0007	8,500
Poh Lee TAN	–	–	–	–	16,500	16,500	0.0008	9,000
May Siew Boi TAN	89,250	–	–	–	23,750	113,000	0.0051	44,500
Peter TSE Pak Wing	5,250	–	–	–	24,250	29,500	0.0013	20,500
Nancy TSE Sau Ling	4,000	–	–	–	20,500	24,500	0.0011	17,000
David Charles WATT	93,865	–	–	–	22,500	116,365	0.0053	108,365
Elaine Carole YOUNG	28,750	–	–	–	20,750	49,500	0.0023	42,000

Notes:

- (1) Directors' personal interests in units as stated above were long position interests. There was no short position interest held by any Director. The interest of Mr Nicholas Charles ALLEN was held in an account in joint name with his spouse.
- (2) Directors' interests in underlying units as stated above were long position interests and represent the maximum number of units which may be vested with the Directors under the 2007 LTI Plan and (if applicable) the 2017 LTI Scheme. Please refer to the "Long-term Incentive Schemes" section on pages 39 to 43 of this report for details.
- (3) The approximate percentages were calculated based on 2,199,876,472 units in issue as at 30 September 2017.

Save as disclosed above, so far as the Manager is aware, none of the Directors held any interests in units (or, as the case may be, shares) or underlying units (or, as the case may be, underlying shares) or debentures of Link and/or its subsidiaries which were required to be disclosed pursuant to the provisions of Part XV of the SFO as at 30 September 2017.

Interests of Connected Persons in Units

After making reasonable enquiry and according to the information available to the Manager, as at 30 September 2017, the following persons (other than significant Unitholder and Directors⁽³⁾), being connected persons (as defined in Chapter 8 of the REIT Code) to Link, held the following interests in the units of Link:

Name	Number of units held at 30 Sep 2017	Approximate percentage of total units in issue ⁽²⁾ %	Number of units held at 31 Mar 2017
The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and its subsidiaries ⁽¹⁾	9,504,358	0.43	10,294,635

Notes:

- (1) The Trustee is an indirect subsidiary of HSBC and hence HSBC and its subsidiaries are connected persons to Link. Save as disclosed in the table above, a fellow subsidiary of HSBC was also interested in 1,616,315 units as at 30 September 2017.
- (2) The approximate percentage was calculated based on 2,199,876,472 units in issue as at 30 September 2017.
- (3) As at 30 September 2017, Link did not have any significant Unitholder. The interests in units held by the Directors as at 30 September 2017 are disclosed in the "Interests of Directors in Units" section above. In addition, as at 30 September 2017, Mr Ricky CHAN Ming Tak (the company secretary of the Manager), Ms Peonie KONG Po Yan (a director of two subsidiaries of Link) and Mr Gary FOK Yip Sang (a director of three subsidiaries of Link) together with their respective associates (as defined in the REIT Code) were interested in, respectively, 365,031 units, 198,018 units and 57,227 units.

Long-term Incentive Schemes

2007 LTI Plan

The 2007 LTI Plan was adopted on 23 July 2007 and had expired on 22 July 2017. Upon expiry, no award shall further be granted under the 2007 LTI Plan. Awards granted and accepted prior to expiry but yet to vest shall remain in effect and be governed by the rules of the 2007 LTI Plan.

Outstanding awards under the 2007 LTI Plan comprise (i) restricted unit awards (to be satisfied by the issue of new units upon vesting); and (ii) conditional cash awards (to be satisfied by cash payment equal to the aggregate distributions per unit over the vesting period multiplied by the actual number of units that may finally vest).

A summary of the rules of the 2007 LTI Plan were set out on pages 49 to 50 of the “Governance, Disclosures and Financial Statements” report in Link’s annual report 2016/2017.

Restricted Unit Awards

Movements in restricted unit awards⁽⁴⁾ under the 2007 LTI Plan during the six months ended 30 September 2017 and the balances at the beginning and the end of the period were as follows:

Name (Position)	Date of grant	Vesting period	Outstanding at 1 Apr 2017 ⁽¹⁾	Granted during the period	Vested during the period ⁽²⁾	Cancelled during the period	Lapsed during the period ⁽³⁾	Outstanding at 30 Sep 2017 ⁽¹⁾
Directors								
Nicholas Charles ALLEN (Independent Non-Executive Director)	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	13,750	–	–	–	–	13,750
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	13,750	–	–	–	–	13,750
George Kwok Lung HONGCHOY (Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	181,000	–	(181,000)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	178,500	–	(178,500)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	178,500	–	–	–	–	178,500
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	231,000	–	–	–	–	231,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	231,000	–	–	–	–	231,000
Andy CHEUNG Lee Ming (Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	49,500	–	(49,500)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	51,500	–	(51,500)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	51,500	–	–	–	–	51,500
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	54,500	–	–	–	–	54,500
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	54,500	–	–	–	–	54,500
Ian Keith GRIFFITHS (Non-Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	4,750	–	(4,750)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	4,250	–	(4,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	4,250	–	–	–	–	4,250
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,000	–	–	–	–	4,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,000	–	–	–	–	4,000

Name (Position)	Date of grant	Vesting period	Outstanding at 1 Apr 2017 ⁽¹⁾	Granted during the period	Vested during the period ⁽²⁾	Cancelled during the period	Lapsed during the period ⁽³⁾	Outstanding at 30 Sep 2017 ⁽¹⁾
William CHAN Chak Cheung (Independent Non-Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	6,250	–	(6,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	6,000	–	(6,000)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	6,000	–	–	–	–	6,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	5,750	–	–	–	–	5,750
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	5,750	–	–	–	–	5,750
Ed CHAN Yiu Cheong (Independent Non-Executive Director)	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,000	–	–	–	–	4,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,000	–	–	–	–	4,000
Blair Chilton PICKERELL (Independent Non-Executive Director)	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,250	–	–	–	–	4,250
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,250	–	–	–	–	4,250
Poh Lee TAN (Independent Non-Executive Director)	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,500	–	–	–	–	4,500
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,500	–	–	–	–	4,500
May Siew Boi TAN (Independent Non-Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	5,750	–	(5,750)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	5,250	–	(5,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	5,250	–	–	–	–	5,250
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	5,000	–	–	–	–	5,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	5,000	–	–	–	–	5,000
Peter TSE Pak Wing (Independent Non-Executive Director)	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	5,250	–	(5,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	5,250	–	–	–	–	5,250
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	5,000	–	–	–	–	5,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	5,000	–	–	–	–	5,000
Nancy TSE Sau Ling (Independent Non-Executive Director)	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	4,000	–	(4,000)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	4,000	–	–	–	–	4,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,500	–	–	–	–	4,500
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,500	–	–	–	–	4,500

Name (Position)	Date of grant	Vesting period	Outstanding at 1 Apr 2017 ⁽¹⁾	Granted during the period	Vested during the period ⁽²⁾	Cancelled during the period	Lapsed during the period ⁽³⁾	Outstanding at 30 Sep 2017 ⁽¹⁾
David Charles WATT (Independent Non-Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	5,250	–	(5,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	5,000	–	(5,000)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	5,000	–	–	–	–	5,000
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,750	–	–	–	–	4,750
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,750	–	–	–	–	4,750
Elaine Carole YOUNG (Independent Non-Executive Director)	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	5,250	–	(5,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	4,250	–	(4,250)	–	–	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	4,250	–	–	–	–	4,250
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	4,500	–	–	–	–	4,500
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	4,500	–	–	–	–	4,500
Other participants								
In aggregate	17 Jul 2014	17 Jul 2014 to 30 Jun 2017	537,130 ⁽⁵⁾⁽⁶⁾	–	(528,023) ⁽⁶⁾	–	(9,107) ⁽⁶⁾	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2017	513,930 ⁽⁵⁾⁽⁶⁾	–	(511,423) ⁽⁶⁾	–	(2,507) ⁽⁶⁾	–
	24 Jul 2015	24 Jul 2015 to 30 Jun 2018	504,938 ⁽⁵⁾⁽⁶⁾	–	–	–	(34,110)	470,828 ⁽⁵⁾⁽⁶⁾
	14 Nov 2016	14 Nov 2016 to 30 Jun 2018	481,072	–	–	–	(31,862)	449,210
	14 Nov 2016	14 Nov 2016 to 30 Jun 2019	477,880	–	–	–	(32,908)	444,972
Total			3,991,700	–	(1,561,196)	–	(110,494)	2,320,010

Notes:

- (1) These figures (except those relating to the Non-Executive Director and Independent Non-Executive Directors) represent the maximum number of units that may be issued on vesting of the relevant restricted unit awards. The actual number of units that will finally vest and be issued to each relevant grantee may range from zero to such maximum number depending on whether, and to what extent, the relevant vesting conditions (if any) are met. The restricted unit awards relating to the Non-Executive Director and Independent Non-Executive Directors are tenure-based only.
- (2) The closing price of the units on the business day immediately preceding the date on which the relevant restricted unit awards were vested in the period was HK\$59.90 per unit. An aggregate amount of approximately HK\$8.2 million was paid for the conditional cash awards vested simultaneously with the restricted unit awards in the period.
- (3) These figures represent the maximum number of units in respect of which the restricted unit awards had lapsed in the period. The conditional cash awards granted in conjunction with such restricted unit awards had lapsed simultaneously.
- (4) The restricted unit awards in the above table were all granted in conjunction with conditional cash awards. The aggregate weighted average value carried by the outstanding conditional cash awards attached to the outstanding restricted unit awards at the end of the period was HK\$2.9372 per unit.
- (5) According to the prevailing policy, outstanding restricted unit awards held by a retired Director under the 2007 LTI Plan will vest on a pro rata basis to his/her actual number of days in office before retirement.
- (6) Included in these figures were outstanding restricted unit awards held by two former Independent Non-Executive Directors, including (i) restricted unit awards in respect of a maximum of 16,750 units held by Mr Nicholas Robert SALLNOW-SMITH at the beginning of the period, of which 9,678 units were vested and issued and the remaining balance had lapsed in the period; and (ii) restricted unit awards in respect of a maximum of 17,000 units held by Professor Richard WONG Yue Chim at the beginning of the period, of which 7,208 units were vested and issued, 4,542 units had lapsed, and a maximum of 5,250 units remained outstanding at the end of the period (which will vest on a pro rata basis as mentioned in note 5 above). Please refer to page 52 and page 53 of the "Governance, Disclosures and Financial Statements" report of annual report 2016/2017 for further details.

The restricted unit awards and conditional cash awards granted under the 2007 LTI Plan are to be expensed through Link's consolidated income statement over the relevant vesting period. Further details of the 2007 LTI Plan are set out in Note 18 to the condensed consolidated interim financial information.

2017 LTI Scheme

The new 2017 LTI Scheme was adopted on 10 July 2017 pursuant to which awards may be granted to Directors and selected key employees of the Manager, the Manager's subsidiaries and SPVs of Link.

Awards which may be granted under the 2017 LTI Scheme comprise (i) restricted unit awards (to be satisfied by units to be purchased through a third party intermediary from the open stock market upon vesting); and (ii) conditional cash awards (to be satisfied by cash payment equal to the aggregate distributions per unit over the vesting period multiplied by the actual number of units that may finally vest).

A summary of the rules of the 2017 LTI Scheme were set out in the announcement dated 10 July 2017 of Link.

Restricted Unit Awards

Movements in restricted unit awards⁽⁴⁾ under the 2017 LTI Scheme during the six months ended 30 September 2017 and the balances at the beginning and the end of the period were as follows:

Name (Position)	Date of grant	Vesting period	Outstanding at 1 Apr 2017 ⁽¹⁾	Granted during the period ⁽²⁾	Vested during the period	Cancelled during the period ⁽³⁾	Lapsed during the period ⁽³⁾	Outstanding at 30 Sep 2017 ⁽¹⁾
Directors								
Nicholas Charles ALLEN (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	11,250	–	–	–	11,250
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	11,250	–	–	–	11,250
George Kwok Lung HONGCHOY (Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	269,075	–	–	–	269,075
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	269,075	–	–	–	269,075
Andy CHEUNG Lee Ming (Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	68,738	–	–	–	68,738
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	68,738	–	–	–	68,738
Ian Keith GRIFFITHS (Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	3,500	–	–	–	3,500
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	3,500	–	–	–	3,500
William CHAN Chak Cheung (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	–	–	–	–	–
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	–	–	–	–	–
Ed CHAN Yiu Cheong (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	3,500	–	–	–	3,500
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	3,500	–	–	–	3,500
Blair Chilton PICKERELL (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	3,500	–	–	–	3,500
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	3,500	–	–	–	3,500
Poh Lee TAN (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	3,750	–	–	–	3,750
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	3,750	–	–	–	3,750

Name (Position)	Date of grant	Vesting period	Outstanding at 1 Apr 2017 ⁽¹⁾	Granted during the period ⁽²⁾	Vested during the period	Cancelled during the period ⁽³⁾	Lapsed during the period ⁽³⁾	Outstanding at 30 Sep 2017 ⁽¹⁾
May Siew Boi TAN (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	4,250	–	–	–	4,250
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	4,250	–	–	–	4,250
Peter TSE Pak Wing (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	4,500	–	–	–	4,500
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	4,500	–	–	–	4,500
Nancy TSE Sau Ling (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	3,750	–	–	–	3,750
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	3,750	–	–	–	3,750
David Charles WATT (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	4,000	–	–	–	4,000
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	4,000	–	–	–	4,000
Elaine Carole YOUNG (Independent Non-Executive Director)	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	3,750	–	–	–	3,750
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	3,750	–	–	–	3,750
Other participants								
In aggregate	14 Jul 2017	14 Jul 2017 to 30 Jun 2019	–	571,069	–	(5,875)	(25,850)	539,344
	14 Jul 2017	14 Jul 2017 to 30 Jun 2020	–	571,069	–	(5,875)	(25,850)	539,344
Total			–	1,909,264	–	(11,750)	(51,700)	1,845,814

Notes:

- (1) These figures (except those relating to the Non-Executive Director and Independent Non-Executive Directors) represent the maximum number of units that may be purchased in the grantee's favour on vesting of his/her relevant restricted unit awards. The actual number of units that will finally vest and be purchased for each relevant grantee may range from zero to such maximum number depending on whether, and to what extent, the relevant vesting conditions (if any) are met. The restricted unit awards relating to the Non-Executive Director and Independent Non-Executive Directors are tenure-based only.
- (2) The closing price of the units on the business day immediately preceding the date of grant of the restricted unit awards in the period was HK\$60.45 per unit. On the assumption that the restricted unit awards granted in the period were finally vested for the maximum number of units, the estimated fair value of such restricted unit awards would amount to approximately HK\$120.9 million as at 30 September 2017 based on the valuation of an independent valuer.
- (3) These figures represent the maximum number of units in respect of which the restricted unit awards had lapsed or were cancelled in the period. The conditional cash awards granted in conjunction with such restricted unit awards had lapsed or were cancelled simultaneously.
- (4) The restricted unit awards in the above table were all granted in conjunction with conditional cash awards. There was yet to be any value carried by the outstanding conditional cash awards attached to the outstanding restricted unit awards at the end of the period.

The restricted unit awards and conditional cash awards granted under the 2017 LTI Scheme are to be expensed through Link's consolidated income statement over the relevant vesting period. Further details of the 2017 LTI Scheme are set out in Note 18 to the condensed consolidated interim financial information.

Connected Party Transactions

Connected Persons and Connected Party Transactions

The following table sets out income derived from or expenses incurred with connected persons (as defined under Chapter 8 of the REIT Code) named below by Link and/or its subsidiaries in the period:

Name of connected person	Relationship with Link	Nature of the transactions	Income derived HK\$'M	Expenses incurred HK\$'M
Link Asset Management Limited	Manager	Management fee ⁽¹⁾	N/A	(372.0)
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee's fee ⁽²⁾	N/A	(8.7)
Jones Lang LaSalle Limited ("JLL") ⁽³⁾	Principal Valuer	Valuation fees	N/A	(0.9)
		Agency fee	N/A	(7.3)
HSBC and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) ("HSBC Group")	Associates of Trustee	Tenancy / licence ⁽⁴⁾	18.8 ⁽⁵⁾	N/A
		Interest income	1.0	N/A
		Interest expenses and financing charges	N/A	(37.7)
		Arrangement fees and bank charges	N/A	(6.0) ⁽⁶⁾
Aedas Limited	Associate of Mr Ian Keith GRIFFITHS	Architectural and renovation consultancy services	N/A	(7.4)
The Chamber of Hong Kong Listed Companies	Associate of Mr Andy CHEUNG Lee Ming	Sponsorship fee	N/A	(0.1)

Notes:

(1) The Manager recovers its expenses from Link on a cost recovery basis.

(2) Trustee's fee was calculated at the rate of 0.008% per annum and 0.03% per annum of the property values of, respectively, Link's properties in and outside Hong Kong as determined in the latest annual valuation report prepared by the Principal Valuer, subject to a minimum of HK\$150,000 per month.

(3) New contracts were awarded to JLL in the period for (i) provision of leasing and marketing consultancy services for The Quayside at a budgeted contract sum of approximately HK\$6.4 million, and (ii) provision of translation service of a valuation report at a contract sum of HK\$17,500. New contracts were also awarded to subsidiaries of JLL in the period for (a) provision of cleaning services by Premier Cleaning Services Limited, one of JLL's Hong Kong subsidiaries, at a contract sum of HK\$45,600 per annum, and (b) provision of lease agency services by 仲量聯行測量師事務所(上海)有限公司 (Jones Lang LaSalle Surveyors (Shanghai) Co., Ltd.), JLL's Shanghai subsidiary, at a fee of approximately RMB0.2 million.

(4) For shops, ATMs and showcases at various locations within Link's properties.

(5) Excluding deposits received.

(6) Including transaction fees paid by the Manager for buy-back of Link's units in the period.

Lease Transactions with Connected Persons

Except certain tenancies set out in the “Connected Party Transactions” section in Link’s annual report 2016/2017 (of which those tenancies still subsisted at the end of the period), the following tenancies with an annual rent exceeding HK\$1 million were renewed by Link and/or its subsidiaries with connected persons (as defined under Chapter 8 of the REIT Code) in the period:

Name of tenant	Nature of the transactions	Lease term	Annual rent ⁽¹⁾ HK\$’M	Rental deposit received as at 30 September 2017 HK\$’M
Hang Seng Bank, Limited	Tenancy for shop no. 121A at Temple Mall South	Term of 2 years expiring on 2 July 2019	3.1	0.9
HSBC	Tenancy for shop nos. L201 to L206 at Lok Fu Place	Term of 2 years expiring on 21 August 2019	4.8	1.3 ⁽²⁾
	Tenancy for shop no. N119 at Temple Mall North	Term of 2 years expiring on 31 August 2019	1.2	0.3 ⁽²⁾

Notes:

(1) Annual rent is calculated from the monthly base rent on a 12-month basis as if such rent were received from the beginning of the financial year.

(2) In the form of bank guarantee.

Provision of Banking and Financial Services by Connected Persons

Link and/or its subsidiaries engaged the HSBC Group (including, among others, Hang Seng Bank, Limited and HSBC Bank (China) Company Limited) to provide ordinary course banking and financial services in the period. Further details are set out in Note 26 to the condensed consolidated interim financial information. The HSBC Group also provided services to subsidiaries of Link in relation to Mandatory Provident Fund accounts and payment and receipt arrangements. Bank accounts were also maintained with the HSBC Group for deposits and/or rent collection purposes in the period.

The Link Finance Limited (a wholly-owned subsidiary of Link) also maintained interest rate swap contracts with HSBC in the period. As at 30 September 2017, the total notional principal outstanding value in respect of such swap contracts with HSBC was HK\$9.7 billion.

Waivers from Strict Compliance

Throughout the six-month period under review, Link complied with the stipulated terms and conditions of the waivers granted by the SFC for the relevant connected party transactions including, among others, (i) conducting the transactions at arm’s length on normal commercial terms in the usual and ordinary course of business and in the interests of the Unitholders; (ii) wherever applicable, within specific caps on transaction amounts or fees; and (iii) having the relevant transactions reviewed by Link’s auditor and the Audit and Risk Management Committee and approved by the Board.

Auditor's Review Report



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF LINK ASSET MANAGEMENT LIMITED
(as "Manager" of LINK REAL ESTATE INVESTMENT TRUST)

Introduction

We have reviewed the interim financial information set out on pages 47 to 72, which comprises the condensed consolidated statement of financial position of Link Real Estate Investment Trust ("**Link**") and its subsidiaries (together, the "**Group**") as at 30 September 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, consolidated statement of distributions, condensed consolidated statement of changes in equity and net assets attributable to Unitholders and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 8 November 2017

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Condensed Consolidated Income Statement

For the six months ended 30 September 2017

	Note	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Revenue	4	4,949	4,608
Property operating expenses	6	(1,182)	(1,168)
Net property income		3,767	3,440
General and administrative expenses		(185)	(157)
Change in fair values of investment properties		9,432	2,978
Operating profit	7	13,014	6,261
Interest income		2	2
Finance costs	8	(288)	(275)
Gains on disposals of investment properties		–	586
Profit before taxation and transactions with Unitholders		12,728	6,574
Taxation	10	(589)	(517)
Profit for the period, before transactions with Unitholders		12,139	6,057
Distributions paid to Unitholders		(2,581)	(2,404)
		9,558	3,653
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		10,228	3,138
Amount arising from cash flow hedging reserve and exchange reserve movements	23	(677)	411
Non-controlling interest		7	104
		9,558	3,653
Profit for the period, before transactions with Unitholders attributable to – Unitholders (Note)	11	12,132	5,953
– Non-controlling interest		7	104
		12,139	6,057

The notes on pages 53 to 72 are an integral part of these condensed consolidated interim financial information.

Note: Earnings per unit, based upon profit after taxation and before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in Note 11 to the condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	Before transactions with Unitholders (Unaudited) HK\$'M	Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M	After transactions with Unitholders (Note (ii)) (Unaudited) HK\$'M	Non-controlling interest (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
Six months ended 30 September 2017					
Profit for the period	12,132	(12,809)	(677)	7	(670)
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	24	–	24	–	24
– Exchange reserve	653	–	653	–	653
Total comprehensive income for the period	12,809	(12,809)	–	7	7
Six months ended 30 September 2016					
Profit for the period	5,953	(5,542)	411	104	515
Other comprehensive income					
Items that may be reclassified subsequently to the condensed consolidated income statement					
– Cash flow hedging reserve	(51)	–	(51)	–	(51)
– Exchange reserve	(360)	–	(360)	–	(360)
Total comprehensive income for the period	5,542	(5,542)	–	104	104

The notes on pages 53 to 72 are an integral part of these condensed consolidated interim financial information.

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$2,581 million (2016: HK\$2,404 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, of HK\$10,228 million (2016: HK\$3,138 million).
- (ii) In accordance with the Trust Deed, the units of Link Real Estate Investment Trust contain contractual obligations to pay to its Unitholders cash distributions and also upon 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. The 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, after the transactions with Unitholders, is zero.

Consolidated Statement of Distributions

For the six months ended 30 September 2017

	Note	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Profit for the period, before transactions with Unitholders attributable to Unitholders		12,132	5,953
Adjustments:			
– Change in fair values of investment properties attributable to Unitholders		(9,424)	(2,874)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders		48	8
– Other non-cash income		(83)	(36)
– Depreciation charge on investment properties under China Accounting Standards		(69)	(42)
– Gains on disposals of investment properties, net of transaction costs		–	(557)
Total Distributable Income (Note (i))		2,604	2,452
Discretionary distribution (Note (ii))		69	42
Total Distributable Amount		2,673	2,494
Interim distribution for the period, to be paid to the Unitholders (Note (iii))		2,673	2,494
Total Distributable Amount as a percentage of Total Distributable Income		103%	102%
Units in issue at 30 September	22	2,199,876,472	2,231,341,276
Distribution per unit to Unitholders for the period (Note (iii))		HK121.50 cents	HK111.75 cents

The notes on pages 53 to 72 are an integral part of these condensed consolidated interim financial information.

Notes:

- (i) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after taxation attributable to Unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the condensed consolidated income statement for the relevant period. Link Real Estate Investment Trust is required to ensure that the total amount distributed to Unitholders as distributions for each financial period shall be no less than 90% of Total Distributable Income. The Manager has decided to distribute 100% (2016: 100%) of Total Distributable Income as the distribution for the six months ended 30 September 2017.
- (ii) Discretionary distribution refers to any additional amount to be distributed as determined by the Manager pursuant to clause 13.4 of the Trust Deed. The Manager recommended a discretionary distribution relating to the adjustment for depreciation charge on investment properties under China Accounting Standards during the period.
- (iii) The interim distribution per unit of HK121.50 cents (2016: HK111.75 cents) for the six months ended 30 September 2017 is calculated based on the interim distribution of HK\$2,673 million (2016: HK\$2,494 million) for the period and 2,199,876,472 units (2016: 2,231,341,276 units) in issue as at 30 September 2017, without taking into account any change in the number of units in issue subsequent to the approval of the condensed consolidated interim financial information. The interim distribution will be paid to Unitholders on 1 December 2017.

Condensed Consolidated Statement of Financial Position

As at 30 September 2017

	Note	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Non-current assets			
Goodwill	12	487	466
Investment properties	13	189,818	174,006
Property, plant and equipment	14	90	87
Derivative financial instruments	20	83	116
		190,478	174,675
Current assets			
Trade and other receivables	15	643	503
Deposits and prepayments		78	77
Derivative financial instruments	20	4	–
Short-term bank deposits	16	100	150
Cash and cash equivalents	16	515	535
		1,340	1,265
Total assets		191,818	175,940
Current liabilities			
Trade payables, receipts in advance and accruals	17	1,936	1,870
Security deposits		1,622	1,494
Provision for taxation		546	305
Current portion of long-term incentive schemes provision	18	60	76
Interest bearing liabilities	19	2,935	300
Derivative financial instruments	20	–	1
		7,099	4,046
Net current liabilities		5,759	2,781
Total assets less current liabilities		184,719	171,894
Non-current liabilities, excluding net assets attributable to Unitholders			
Long-term incentive schemes provision	18	24	37
Interest bearing liabilities	19	30,456	27,197
Derivative financial instruments	20	334	498
Deferred tax liabilities		2,607	2,417
Other non-current liabilities	21	3,401	3,248
		36,822	33,397
Total liabilities, excluding net assets attributable to Unitholders		43,921	37,443
Non-controlling interest		263	256
Net assets attributable to Unitholders		147,634	138,241
Units in issue	22	2,199,876,472	2,213,002,276
Net assets per unit attributable to Unitholders		HK\$67.11	HK\$62.47

The notes on pages 53 to 72 are an integral part of these condensed consolidated interim financial information.

On behalf of the Board of Directors of
Link Asset Management Limited, as manager of Link Real Estate Investment Trust

Nicholas Charles ALLEN

Chairman

8 November 2017

George Kwok Lung HONGCHOY

Chief Executive Officer

8 November 2017

Condensed Consolidated Statement of Changes in Equity and Net Assets Attributable to Unitholders

For the six months ended 30 September 2017

	Note	Net assets attributable to Unitholders (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M	Non-controlling interest (Unaudited) HK\$'M
At 1 April 2017		138,241	580	256
Issuance of units under the 2007 LTI Plan		93	–	–
Units bought back for cancellation		(928)	–	–
Profit for the six months ended 30 September 2017, before transactions with Unitholders		12,132	–	7
Distributions paid to Unitholders – 2017 final distribution		(2,581)	–	–
Change in fair values of cash flow hedges	23	–	(25)	–
Amount transferred to the condensed consolidated income statement	23	–	49	–
Exchange gain on translation of financial statements	23	–	653	–
Amount arising from cash flow hedging reserve and exchange reserve movements	23	677	(677)	–
Change in net assets attributable to Unitholders and non-controlling interest for the six months ended 30 September 2017, excluding issues of new units and units bought back		10,228	–	7
At 30 September 2017		147,634	580	263
At 1 April 2016		127,387	580	54
Issuance of units under the 2007 LTI Plan		90	–	–
Units bought back for cancellation		(744)	–	–
Profit for the six months ended 30 September 2016, before transactions with Unitholders		5,953	–	104
Distributions paid to Unitholders – 2016 final distribution		(2,404)	–	–
Change in fair values of cash flow hedges		–	(106)	–
Amount transferred to the condensed consolidated income statement		–	55	–
Exchange loss on translation of financial statements		–	(360)	–
Amount arising from cash flow hedging reserve and exchange reserve movements		(411)	411	–
Change in net assets attributable to Unitholders and non-controlling interest for the six months ended 30 September 2016, excluding issues of new units and units bought back		3,138	–	104
At 30 September 2016		129,871	580	158

The notes on pages 53 to 72 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Note	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Operating activities			
Net cash generated from operating activities		3,398	3,150
Investing activities			
Acquisition of business	24	(4,496)	–
Acquisition of an investment property		–	(5,319)
Proceeds from disposal of investment properties		–	3,652
Additions to investment properties		(937)	(591)
Additions to property, plant and equipment		(17)	(19)
Interest income received		2	2
Decrease in short-term bank deposits with original maturity of more than three months		50	26
Net cash used in investing activities		(5,398)	(2,249)
Financing activities			
Proceeds from interest bearing liabilities, net of transaction costs		9,865	18,209
Repayment of interest bearing liabilities		(4,105)	(15,532)
Increase in amount due to non-controlling interest		99	56
Interest expenses paid on interest bearing liabilities		(376)	(405)
Distributions paid to Unitholders		(2,581)	(2,404)
Units bought back for cancellation		(928)	(744)
Net cash generated from/(used in) financing activities		1,974	(820)
Net (decrease)/increase in cash and cash equivalents		(26)	81
Cash and cash equivalents at 1 April		535	336
Effect on exchange rate changes on cash and cash equivalents		6	(5)
Cash and cash equivalents at 30 September		515	412

The notes on pages 53 to 72 are an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 Corporate Information

Link Real Estate Investment Trust (“**Link**”) is a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Link is governed by a trust deed entered into on 6 September 2005 (as amended and supplemented by 11 Supplemental Deeds dated 4 November 2005, 8 November 2005, 16 January 2006, 21 November 2006, 13 July 2007, 23 July 2007, 5 October 2009, 23 July 2010, 25 July 2012, 18 February 2014 and 15 January 2015) (together the “**Trust Deed**”).

The principal activity of Link and its subsidiaries (the “**Group**”) is investing in real estate (other than real estate of a residential, hotel or serviced apartment nature) and undertaking property development and related activities in respect of all types of developments that contain retail and/or commercial portions. The addresses of the registered offices of the Manager, Link Asset Management Limited, and the Trustee, HSBC Institutional Trust Services (Asia) Limited, are 33/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong and 1 Queen’s Road Central, Hong Kong, respectively.

2 Basis of Preparation

The condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2017.

As at 30 September 2017, the Group’s current liabilities exceeded its current assets. The Group considers that its liquidity and financial position as a whole is healthy and it has a reasonable expectation that the Group has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the interim financial information.

3 Accounting Policies

The accounting policies adopted are consistent with those set out in the audited consolidated financial statements for the year ended 31 March 2017, except for the adoption of the following new amendments issued by the HKICPA which became effective for the six months ended 30 September 2017.

HKAS 7 Amendments	Disclosure Initiative
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle:	
HKFRS 12 Amendments	Disclosure of Interests in Other Entities

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

3 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 condensed consolidated interim financial information. These are effective for the Group's accounting periods beginning on or after 1 April 2018.

HKAS 28 (2011) and HKFRS 10 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾
HKAS 40 Amendments	Transfers of Investment Property ⁽¹⁾
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions ⁽¹⁾
HKFRS 4 Amendments	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ⁽¹⁾
HKFRS 9 (2014)	Financial Instruments ⁽¹⁾
HKFRS 15	Revenue from Contracts with Customers ⁽¹⁾
HKFRS 16	Leases ⁽²⁾
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ⁽¹⁾
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ⁽²⁾
Annual Improvements to HKFRSs 2014–2016 Cycle ⁽³⁾	

⁽¹⁾ effective for accounting periods beginning on or after 1 January 2018

⁽²⁾ effective for accounting periods beginning on or after 1 January 2019

⁽³⁾ effective for accounting periods beginning on or after 1 January 2018 except for HKFRS 12 Amendments which were effective for accounting periods beginning on or after 1 January 2017

⁽⁴⁾ 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 and revised Hong Kong Financial Reporting Standards ("HKFRSs") upon initial application. Preliminary review noted that save for HKFRS 9 (2014) and HKFRS 16 which may require further evaluation to address the recognition, classification and measurement of financial instruments and leases respectively, the adoption of all these new or revised HKFRSs are unlikely to have a significant impact on the Group's financial performance and financial position but may result in new or amended disclosures in the consolidated financial statements.

4 Revenue

Revenue recognised during the period comprises:

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Rentals		
– Retail and commercial properties	3,714	3,439
– Car parks	1,022	967
	4,736	4,406
Other revenue		
– Air conditioning service fees	188	185
– Other property related revenue	25	17
	213	202
Total revenue	4,949	4,608

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$69 million (2016: HK\$71 million) and have been included in the rental income.

5 Segment information

	Retail properties HK\$'M	Car parks HK\$'M	Others HK\$'M	Total HK\$'M
For the six months ended 30 September 2017 (Unaudited)				
Revenue	3,766	1,025	158	4,949
Segment results	2,844	786	(48)	3,582
Change in fair values of investment properties	7,311	1,956	165	9,432
Interest income				2
Finance costs				(288)
Profit before taxation and transactions with Unitholders				12,728
Taxation				(589)
Profit for the period, before transactions with Unitholders				12,139
Capital expenditure	5,402	22	339	5,763
Depreciation	–	–	(10)	(10)
As at 30 September 2017 (Unaudited)				
Segment assets	142,816	32,858	14,955	190,629
Goodwill				487
Derivative financial instruments				87
Short-term bank deposits				100
Cash and cash equivalents				515
Total assets				191,818
Segment liabilities	2,702	178	678	3,558
Provision for taxation				546
Long-term incentive schemes provision				84
Interest bearing liabilities				33,391
Derivative financial instruments				334
Deferred tax liabilities				2,607
Other non-current liabilities				3,401
Total liabilities, excluding net assets attributable to Unitholders				43,921
Non-controlling interest				263
Net assets attributable to Unitholders				147,634

For the six months ended 30 September 2017, revenue of HK\$399 million (2016: HK\$289 million) is attributable to external customers from Mainland China and HK\$4,550 million (2016: HK\$4,319 million) is attributable to external customers from Hong Kong.

As at 30 September 2017, non-current assets of HK\$16,930 million (31 March 2017: HK\$11,203 million) is located in Mainland China and HK\$173,465 million (31 March 2017: HK\$163,356 million) is located in Hong Kong.

5 Segment Information (Continued)

	Retail properties HK\$'M	Car parks HK\$'M	Others HK\$'M	Total HK\$'M
For the six months ended 30 September 2016 (Unaudited)				
Revenue	3,475	969	164	4,608
Segment results	2,590	711	(18)	3,283
Change in fair values of investment properties	884	1,776	318	2,978
Interest income				2
Finance costs				(275)
Gains on disposals of investment properties				586
Profit before taxation and transactions with Unitholders				6,574
Taxation				(517)
Profit for the period, before transactions with Unitholders				6,057
Capital expenditure	6,987	24	232	7,243
Depreciation	–	–	(9)	(9)
As at 31 March 2017 (Audited)				
Segment assets	129,601	30,866	14,206	174,673
Goodwill				466
Derivative financial instruments				116
Short-term bank deposits				150
Cash and cash equivalents				535
Total assets				175,940
Segment liabilities	2,446	179	739	3,364
Provision for taxation				305
Long-term incentive schemes provision				113
Interest bearing liabilities				27,497
Derivative financial instruments				499
Deferred tax liabilities				2,417
Other non-current liabilities				3,248
Total liabilities, excluding net assets attributable to Unitholders				37,443
Non-controlling interest				256
Net assets attributable to Unitholders				138,241

6 Property Operating Expenses

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	291	287
Staff costs (Note 9)	243	227
Repair and maintenance	107	121
Utilities	185	187
Government rent and rates	144	147
Promotion and marketing expenses	55	51
Estate common area costs	51	54
Business and real estate taxes in Mainland China	28	17
Other property operating expenses	78	77
	1,182	1,168

7 Operating Profit

Operating profit for the period is stated after charging:

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Staff costs (Note 9)	348	327
Depreciation of property, plant and equipment	10	9
Trustee's fee	9	8
Valuation fee	1	1
Auditor's remuneration		
Audit and audit-related assurance services	1	1
Acquisition related professional fees	1	–
Total auditor's remuneration	2	1
Bank charges	3	3
Commission to property agents	1	1
Donations	9	10
Exchange loss/(gain)	21	(8)
Operating lease charges	17	17
Other legal and professional fees	3	5

8 Finance Costs

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities	369	340
Other borrowing costs (Note (i))	73	71
	442	411
Less: capitalised under investment properties (Note (ii))	(176)	(160)
	266	251
Fair value loss on non-controlling interest put option obligation (Note 21)	22	24
	288	275

Notes:

- (i) Other borrowing costs include HK\$32 million (2016: HK\$30 million) interest expenses to non-controlling interest, HK\$49 million (2016: HK\$55 million) net losses on interest rate swap contracts designated as cash flow hedges, HK\$38 million (2016: HK\$42 million) net gains on cross currency swap contracts and interest rate swap contracts designated as fair value hedges and various banking and financing charges.
- (ii) Interest expenses have been capitalised under investment properties at an average interest rate of 2.5% (2016: 2.5%) per annum.

9 Staff Costs

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Wages and salaries	302	274
Contributions to mandatory provident fund scheme	7	7
Long-term incentive schemes awards (Note 18)	73	78
	382	359
Less: capitalised under investment properties	(34)	(32)
Staff costs (Note 7)	348	327

Staff costs can be further analysed as below:

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Included under property operating expenses (Note 6)	243	227
Included under general and administrative expenses	105	100
	348	327

10 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. Corporate income tax in Mainland China has been provided for at the rate of 25% (2016: 25%) on the estimated assessable profit for the period.

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

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Current taxation		
– Hong Kong	394	395
– Mainland China	43	35
Deferred taxation	152	87
Taxation	589	517

11 Earnings Per Unit Based Upon Profit After Taxation and Before Transactions With Unitholders Attributable to Unitholders

	Six months ended 30 September 2017 (Unaudited)	Six months ended 30 September 2016 (Unaudited)
Profit after taxation and before transactions with Unitholders attributable to Unitholders	HK\$12,132 million	HK\$5,953 million
Weighted average number of units for the period for calculating basic earnings per unit	2,211,438,141	2,242,673,993
Adjustment for dilutive contingently issuable units under long-term incentive schemes	1,664,197	1,929,485
Weighted average number of units for the period for calculating diluted earnings per unit	2,213,102,338	2,244,603,478
Basic earnings per unit based upon profit after taxation and before transactions with Unitholders attributable to Unitholders	HK\$5.49	HK\$2.65
Diluted earnings per unit based upon profit after taxation and before transactions with Unitholders attributable to Unitholders	HK\$5.48	HK\$2.65

12 Goodwill

	Carrying value (Unaudited) HK\$'M
At 1 April 2017	466
Exchange adjustments	6
Acquisition of business (Note 24)	15
At 30 September 2017	487

13 Investment Properties

(a) Details of the Movements of Investment Properties are as follows:

	Completed properties (Unaudited) HK\$'M	Property under development (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2017	166,657	7,349	174,006
Exchange adjustments	630	–	630
Acquisition of business (Note 24)	4,580	–	4,580
Additions	847	323	1,170
Change in fair values	9,413	19	9,432
At 30 September 2017	182,127	7,691	189,818

(b) Valuation Process

The investment properties were revalued on a market value basis as at 31 March and 30 September 2017 by Jones Lang LaSalle Limited, an independent firm of professional qualified valuers and the principal valuer of Link.

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.

(c) Valuation Techniques

The principal valuer has adopted the income capitalisation approach, discounted cash flow analysis and residual approach as its primary approaches, cross-referenced to the direct comparison method.

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 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 a net present value.

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.

The investment properties are included in Level 3 (31 March 2017: Level 3) of the fair value hierarchy.

(d) Restriction of the Code on Real Estate Investment Trusts (the "REIT Code")

Link acquired 77 Hoi Bun Road in Kowloon East for commercial development, 700 Nathan Road in Mong Kok and Metropolitan Plaza in Guangzhou, the completion of which were on 23 February 2015, 15 April 2016 and 11 May 2017 respectively. In accordance with the REIT Code, Link is prohibited from disposing of its properties 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 approved the proposed disposal by way of special resolution passed in accordance with the Trust Deed.

14 Property, Plant and Equipment

	Leasehold improvements (Unaudited) HK\$'M	Motor vehicles (Unaudited) HK\$'M	Equipment (Unaudited) HK\$'M	Total (Unaudited) HK\$'M
At 1 April 2017	11	1	75	87
Acquisition of business (Note 24)	–	–	2	2
Additions	2	–	9	11
Depreciation charge for the period	(2)	–	(8)	(10)
At 30 September 2017	11	1	78	90
At 30 September 2017				
Cost	80	5	196	281
Accumulated depreciation	(69)	(4)	(118)	(191)
Net book value	11	1	78	90

15 Trade and Other Receivables

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Trade receivables	104	82
Less: provision for impairment of trade receivables	(5)	(4)
Trade receivables – net	99	78
Other receivables	544	425
	643	503

The carrying amounts of these receivables approximate their fair values.

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

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

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
0–30 days	94	73
31–90 days	5	5
Over 90 days	5	4
	104	82

Monthly rentals in respect of retail and commercial properties 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.

16 Cash and Cash Equivalents and Short-term Bank Deposits

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Cash at bank	460	212
Short-term bank deposits with original maturity of less than three months	55	323
Cash and cash equivalents	515	535
Short-term bank deposits with original maturity of more than three months	100	150
	615	685

17 Trade Payables, Receipts in Advance and Accruals

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Trade payables	145	175
Receipts in advance	277	243
Accruals	1,514	1,452
	1,936	1,870

The carrying amounts of these payables approximate their fair values.

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

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
0–30 days	138	170
31–90 days	7	5
	145	175

18 Long-term Incentive Schemes Provision

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Long-term incentive schemes provision	84	113
Less: current portion of long-term incentive schemes provision	(60)	(76)
Non-current portion of long-term incentive schemes provision	24	37

2007 LTI Plan

A long-term incentive plan (the “**2007 LTI Plan**”) was adopted on 23 July 2007 and expired on 22 July 2017 after being in operation for 10 years. After its expiry, no further awards shall be granted under the 2007 LTI Plan. Nonetheless, awards granted and accepted prior to its expiry but yet to vest shall continue to have effect and be governed by the provisions of the 2007 LTI Plan.

Under the 2007 LTI Plan, the Manager might grant three types of awards – restricted unit award, unit option and conditional cash award – to directors and key employees of the Manager. No unit option has ever been granted under 2007 LTI Plan since its adoption up till expiry.

For those restricted unit awards granted with performance goals, the eventual numbers of new units to be issued to the relevant grantees on vesting are linked to the performance of Link in terms of total Unitholders return (“**TUR**”) and net property income (“**NPI**”) or certain vesting conditions. Conditional cash awards are granted in conjunction with restricted unit awards, bestowing upon each grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions during the vesting period.

During the period, the Group issued 1,561,196 units (2016: 1,600,140 units) for restricted unit awards vested in accordance with the 2007 LTI Plan.

2017 LTI Scheme

On 10 July 2017, Link adopted a new long-term incentive scheme (the “**2017 LTI Scheme**”). Under the 2017 LTI Scheme, the Manager may grant restricted unit awards and conditional cash awards to directors of the Manager and key employees of the Group.

During the period, certain directors and employees of the Manager were granted restricted unit awards and conditional cash awards at nil monetary consideration under the 2017 LTI Scheme. The restricted unit awards granted under the 2017 LTI Scheme, in general, will vest approximately two to three years from the date of grant. Under the 2017 LTI Scheme, units will be purchased in the grantees’ favour from open stock market to satisfy restricted units awards vested. For those restricted unit awards granted with performance goals, the eventual numbers of units to be purchased in each grantee’s favour upon vesting are linked to the performance of Link based on the TUR, NPI or certain vesting conditions. Conditional cash awards were also granted in conjunction with the restricted unit awards, bestowing upon each grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions during the vesting period.

18 Long-term Incentive Schemes Provision (Continued)

During the vesting period, a liability is recognised representing the estimated value of the awards granted under both the 2007 LTI Plan and the 2017 LTI Scheme and the portion of the vesting period expired as at the reporting date. The value of the awards was estimated at the reporting date by Towers Watson Hong Kong Limited, an independent external valuer based on valuation techniques and assumptions on unit prices, outstanding length of the awards, distribution pay-out rates and other market conditions, if appropriate. The change in value of the outstanding awards was charged to the condensed consolidated income statement. In the event that the vesting conditions are not met, the amount previously accrued will be written back accordingly.

Movements in the number of restricted unit award during the period and the maximum number of units to be issued upon vesting of restricted unit award are as follows:

Date of grant	Vesting period	Outstanding as at 1 April 2017	Granted during the period	Vested during the period ⁽ⁱ⁾	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2017	Maximum to be issued on vesting date ⁽ⁱⁱ⁾
2007 LTI Plan								
17 July 2014	17 July 2014 to 30 June 2017	422,690	-	(413,583) ⁽ⁱⁱⁱ⁾	-	(9,107)	-	-
24 July 2015	24 July 2015 to 30 June 2017	408,590	-	(406,083) ⁽ⁱⁱⁱ⁾	-	(2,507)	-	-
	24 July 2015 to 30 June 2018	404,094	-	-	-	(17,055)	387,039	734,828
14 November 2016	14 November 2016 to 30 June 2018	443,286	-	-	-	(15,931)	427,355	794,710
	14 November 2016 to 30 June 2019	441,690	-	-	-	(16,454)	425,236	790,472
2007 LTI Plan subtotal		2,120,350	-	(819,666)	-	(61,054)	1,239,630	2,320,010
2017 LTI Scheme								
14 July 2017	14 July 2017 to 30 June 2019	-	432,500	-	(2,500)	(11,000)	419,000	922,907
	14 July 2017 to 30 June 2020	-	432,500	-	(2,500)	(11,000)	419,000	922,907
2017 LTI Scheme subtotal		-	865,000	-	(5,000)	(22,000)	838,000	1,845,814
Subtotal		2,120,350	865,000	(819,666)	(5,000)	(83,054)	2,077,630	4,165,824
Additional units vested over 100% of restricted unit award granted		-	-	(741,530) ⁽ⁱⁱⁱ⁾	-	-	-	-
Total		2,120,350	865,000	(1,561,196)	(5,000)	(83,054)	2,077,630	4,165,824

Notes:

(i) Restricted unit award vesting percentages during the period ranged from 100% to 200%.

(ii) If certain vesting conditions are met.

(iii) Additional units over 100% of restricted unit award granted were vested pursuant to the relevant vesting conditions.

19 Interest Bearing Liabilities

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Bank borrowings	17,436	11,361
Medium term notes	15,955	16,136
	33,391	27,497
Less: current portion of interest bearing liabilities	(2,935)	(300)
Non-current portion of interest bearing liabilities	30,456	27,197

19 Interest Bearing Liabilities (Continued)

Interest bearing liabilities are repayable as follows:

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Due in the first year		
Bank borrowings	1,841	–
Medium term notes	1,094	300
	2,935	300
Due in the second year		
Bank borrowings	5,984	1,492
Medium term notes	722	1,095
	6,706	2,587
Due in the third year		
Bank borrowings	2,980	3,481
Medium term notes	962	1,336
	3,942	4,817
Due in the fourth year		
Bank borrowings	5,466	2,476
Medium term notes	202	349
	5,668	2,825
Due in the fifth year		
Bank borrowings	570	3,497
Medium term notes	1,761	1,434
	2,331	4,931
Due beyond the fifth year		
Bank borrowings	595	415
Medium term notes	11,214	11,622
	11,809	12,037
	33,391	27,497

Notes:

- (i) Except for medium term notes of HK\$7,416 million (31 March 2017: HK\$7,306 million) which are denominated in United States Dollars, all the other interest bearing liabilities are denominated in Hong Kong Dollars.
- (ii) All of Link's foreign currencies borrowings are fully hedged into Hong Kong Dollars.
- (iii) The effective interest rate of the interest bearing liabilities (taking into account cross currency swap contracts and interest rate swap contracts) at the reporting date was 2.50% (31 March 2017: 2.65%). The carrying amounts of the interest bearing liabilities approximate their fair values.

20 Derivative Financial Instruments

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Derivative assets		
Current item		
Designated as fair value hedge		
– interest rate swap contract	4	–
Non-current items		
Designated as cash flow hedge		
– interest rate swap contracts	17	73
Designated as fair value hedge		
– cross currency swap contracts	30	–
– interest rate swap contracts	36	43
	83	116
	87	116
Derivative liabilities		
Current item		
Designated as cash flow hedge		
– interest rate swap contract	–	1
Non-current items		
Designated as cash flow hedge		
– interest rate swap contracts	33	112
Designated as fair value hedge		
– cross currency swap contracts	297	373
– interest rate swap contracts	4	13
	334	498
	334	499
	247	383

Notes:

- (i) The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 of the fair value hierarchy.
- (ii) The fair values of cross currency swap contracts and interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable yield curves and forward exchange rates at each reporting date. Cross currency swap contracts and interest rate swap contracts are included in Level 2 (31 March 2017: Level 2) of the fair value hierarchy. During the six months ended 30 September 2016 and 2017, there were no transfers between the three levels of the fair value hierarchy.

The Group uses cross currency swap contracts and interest rate swap contracts (swapping from foreign currencies to Hong Kong Dollars) to minimise its exposure to movements in foreign currency exchange rates and interest rates in relation to its interest bearing liabilities. The fair values of these cross currency swap contracts and interest rate swap contracts are classified as non-current items should the remaining maturities of the hedged items extend for more than 12 months. Any change in fair values of the effective portion of the cash flow hedges in relation to interest rate swap contracts is recognised in the hedging reserve. Any change in fair values of the fair value hedges in relation to interest rate swap contracts and any change in fair value of cross currency swap contracts are recognised directly in the condensed consolidated income statement. A net amount of HK\$24 million has been credited (2016: HK\$51 million had been debited) to the hedging reserve during the period as further set out in Note 23.

20 Derivative Financial Instruments (Continued)

As at 30 September 2017, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 4.8 years on HK\$10,000 million borrowings (31 March 2017: 5.3 years on HK\$7,000 million borrowings) from the reporting date. The notional principal amount and the weighted average fixed interest rate of the outstanding floating rates to fixed rates interest rate swap contracts as at 30 September 2017 were HK\$10,000 million (31 March 2017: HK\$7,000 million) and 1.74% (31 March 2017: 1.82%) respectively. The notional principal amount of the outstanding floating rates to floating rates interest rate swap contracts as at 30 September 2017 was HK\$7,000 million (31 March 2017: HK\$7,000 million).

As at 30 September 2017, the derivative financial instruments qualifying as fair value hedges have, in effect, converted part of the Group borrowings into Hong Kong Dollars fixed rate and floating rates interest bearing liabilities. The notional principal amounts of the outstanding cross currency swap contracts and interest rate swap contracts qualifying as fair value hedges as at 30 September 2017 were HK\$7,753 million (31 March 2017: HK\$7,753 million) and HK\$1,910 million (31 March 2017: HK\$1,910 million) respectively.

Gains and losses on interest rate swap contracts recognised in the hedging reserve (Note 23) as at 30 September 2017 will be released to the condensed consolidated income statement.

21 Other Non-Current Liabilities

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Amount due to non-controlling interest	2,749	2,618
Non-controlling interest put option obligation	652	630
	3,401	3,248

Notes:

- (i) On 23 February 2015, the Group through a non-wholly owned subsidiary (the "Project Company", in which Link has an indirect 60% interest and Nan Fung Development Limited ("Nan Fung") has an indirect 40% interest) acquired 77 Hoi Bun Road in Kowloon East for commercial development. For the purpose of funding the commercial development, Nan Fung, a non-controlling interest of the Project Company has contributed cash in proportion to the shareholding ratio to the Project Company. The amount due to non-controlling interest is unsecured, interest bearing at an effective interest rate of 2.5% (31 March 2017: 2.6%), has no fixed repayment term and is not repayable within one year. Such amount due to non-controlling interest including any accrued interest will be repaid from the Project Company's surplus cash after meeting its payment obligations.
- (ii) Pursuant to the shareholders' agreement, Nan Fung has a right to exercise a put option to require Link to purchase all the issued shares Nan Fung holds in the Project Company at the then fair market value, after the second anniversary of the completion of the commercial property development and certain conditions have been satisfied. The non-controlling interest put option obligation was recognised as a financial liability based on a valuation performed by Crowe Horwath (HK) Consulting & Valuation Limited, an independent firm of professional qualified valuers. The valuer has used discounted cash flow as the valuation technique. The valuation is based on various assumptions and calculated by reference to a number of unobservable inputs, including the estimated fair value of the equity interests of the Project Company at the expected time of exercise of the put option, the expected time of exercise itself, the cash flow and the discount rate used. The Manager held discussions with the valuer and reviewed all significant inputs used. Discussions of the valuation processes and results at each reporting date are held between the Manager and the valuer. Fair value of the put option obligation is included in Level 3 (31 March 2017: Level 3) of the fair value hierarchy.

The movement of non-controlling interest put option obligation during the period is as follows:

	Fair value (Unaudited) HK\$'M
At 1 April 2017	630
Recognised in the condensed consolidated income statement:	
– Fair value loss (Note 8)	22
At 30 September 2017	652

22 Units in Issue

	Number of units (Unaudited)
At 1 April 2017	2,213,002,276
Units bought back for cancellation	(14,687,000)
Units issued under the 2007 LTI Plan	1,561,196
At 30 September 2017	2,199,876,472

Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Link) bought back a total of 14,687,000 units (2016: 13,407,000 units) at an aggregate price of HK\$928 million (2016: HK\$744 million). All units bought back were cancelled during the period.

Closing price of the units as at 30 September 2017 was HK\$63.30 (31 March 2017: HK\$54.45) per unit. Based on 2,199,876,472 units in issue as at 30 September 2017 (31 March 2017: 2,213,002,276 units), market capitalisation was HK\$139,252 million (31 March 2017: HK\$120,498 million).

23 Reserves

	Other reserve (Unaudited) HK\$'M	Hedging reserve (Unaudited) HK\$'M	Exchange reserve (Unaudited) HK\$'M	Earnings retained for cash flow hedge and foreign exchange translation adjustments (Unaudited) HK\$'M	Total reserves (Unaudited) HK\$'M
At 1 April 2017	(580)	(40)	(886)	926	(580)
Cash flow hedges:					
– Change in fair values	–	(25)	–	–	(25)
– Amount transferred to the condensed consolidated income statement (Note)	–	49	–	–	49
	–	24	–	–	24
Exchange gain on translation of financial statements	–	–	653	–	653
Net assets attributable to Unitholders:					
– Amount arising from cash flow hedging reserve and exchange reserve movements	–	–	–	(677)	(677)
At 30 September 2017	(580)	(16)	(233)	249	(580)

Note: Amount transferred to the condensed consolidated income statement in respect of cash flow hedges was included in "Finance costs" (Note 8).

24 Acquisition of Business

On 7 April 2017, Link, through a wholly-owned subsidiary, entered into a sale and purchase agreement to acquire the entire issued share capital of GCREF Acquisitions 22 Limited and the shareholder loan at a cash consideration (after final adjustment) of RMB4,047 million (equivalent to approximately HK\$4,559 million). The transaction was completed on 11 May 2017. GCREF Acquisitions 22 Limited indirectly owns the entire registered capital of 廣州牽晴匯房地產有限公司 (Guangzhou Qian Qing Hui Real Estate Company Limited), which owns the Metropolitan Plaza located at No. 8 Huangsha Road, Liwan District, Guangzhou, The People's Republic of China.

The acquisition will benefit Link through adding quality income-producing properties with capital appreciation potential.

The fair values of the assets and liabilities and goodwill arising from the acquisition are as follows:

	Fair value (Unaudited) HK\$'M
Investment property (Note 13) (Note)	4,580
Property, plant and equipment (Note 14)	2
Cash and cash equivalents	63
Other net current liabilities	(65)
Deferred tax liabilities	(36)
Net assets acquired	4,544
Goodwill (Note 12)	15
Purchase consideration settled in cash	4,559
Cash and cash equivalents in subsidiaries acquired	(63)
Cash outflow on acquisition	4,496

Note: Metropolitan Plaza was valued at 28 February 2017 by Jones Lang LaSalle Limited, the principal valuer of Link. This approximates the fair value of the investment property at the acquisition date.

25 Capital Commitments

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Capital expenditure of investment properties contracted but not provided for at the end of the period	2,936	3,219

26 Connected Party Transactions and Significant Related Party Transactions and Balances

Information required to be disclosed concerning related party transactions is set out in this note unless disclosed elsewhere in these condensed consolidated interim financial information.

(a) Nature of Relationship with Connected/Related Parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/ HKAS 24 (Revised) "Related Party Disclosures", and the nature of their relationship with the Group as at 30 September 2017:

Connected/related party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited (the " Trustee ") *	The Trustee of Link
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the " HSBC Group ") *	Associates # of the Trustee
Jones Lang LaSalle Limited (the " Principal Valuer ") (Note (i))	The current Principal Valuer of Link
CBRE Limited (Note (ii))	The former Principal Valuer of Link
Aedas Limited *	Associate # of director
The Chamber of Hong Kong Listed Companies	Associate # of director

* These connected parties are also considered as related parties of the Group.

"Associate" has the meaning ascribed to it under the REIT Code.

Notes:

- (i) Jones Lang LaSalle Limited is the current Principal Valuer of Link who is responsible for the property valuation of Link for the six months ended 30 September 2017. Jones Lang LaSalle Limited was appointed as the Principal Valuer of Link with effect from 17 November 2016.
- (ii) CBRE Limited was the former Principal Valuer of Link who was responsible for the property valuation of Link up till the six months ended 30 September 2016. CBRE Limited retired as the Principal Valuer of Link in accordance with the REIT Code on 16 November 2016 and since then, CBRE Limited ceased to be a connected party of Link.

26 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(b) Transactions with Connected/Related Parties

The following transactions were carried out with connected/related parties:

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Trustee's fee paid and payable to the Trustee (Note (ii))	(9)	(8)
Transactions with the HSBC Group (Note (iii))		
Interest expense and various financing charges to the HSBC Group on interest bearing liabilities, cross currency swap contracts and interest rate swap contracts	(44)	(38)
Rental income from the HSBC Group on leasing of retail units	19	17
Interest income from the HSBC Group on short-term bank deposits	1	1
Transactions with the Principal Valuer (Notes (iii) and (iv))		
Valuation fee	(1)	(1)
Consultancy services fees	–	(3)
Architectural/renovation consultancy services fees paid and payable to Aedas Limited (Notes (iii) and (v))	(7)	(11)

Notes:

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreements governing the transactions and in the ordinary course of business.
- (ii) The Trustee is entitled to receive an annual trustee's fee (calculated and paid monthly) at rates ranging from 0.008% per annum to 0.03% per annum of the latest property value as determined in the latest annual valuation report of an independent property valuer recommended by the Manager and appointed by the Trustee for and on behalf of Link from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) The transactions were entered into at arm's length on normal commercial terms.
- (iv) Jones Lang LaSalle Limited was appointed as the Principal Valuer of Link with effect from 17 November 2016. The former Principal Valuer, CBRE Limited, was responsible for the property valuation of Link up till the six months ended 30 September 2016. Valuation fee for the six months ended 30 September 2017 of HK\$1 million was payable to Jones Lang LaSalle Limited (2016: HK\$1 million was paid to CBRE Limited).
- (v) Aedas Limited is an associate of Mr Ian Keith GRIFFITHS.

26 Connected Party Transactions and Significant Related Party Transactions and Balances (Continued)

(c) Balances with Related Parties

Balances with related parties are set out below:

	30 September 2017 (Unaudited) HK\$'M	31 March 2017 (Audited) HK\$'M
Trustee's fee payable to the Trustee	(1)	(1)
Interest bearing liabilities with the HSBC Group	(4,383)	(3,165)
Net interest payable to the HSBC Group	(1)	(1)
Security deposits from the HSBC Group	(3)	(2)
Cross currency swap contracts and interest rate swap contracts with the HSBC Group	(153)	(188)
Deposits placed with the HSBC Group	284	173
Architectural/renovation consultancy services fees payable to Aedas Limited	–	(1)

(d) Key Management Compensation

The aggregate amounts of emoluments of the key management staff of the Group are as follows:

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M
Fees	4	5
Basic salaries, allowances and other benefits	69	57
Long-term incentive schemes awards	46	44
	119	106

27 Approval of the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was authorised for issue by the Board on 8 November 2017.

Five Year Performance Summary

Financial Data

	Six months ended 30 September 2017 (Unaudited) HK\$'M	Six months ended 30 September 2016 (Unaudited) HK\$'M	Six months ended 30 September 2015 (Unaudited) HK\$'M	Six months ended 30 September 2014 (Unaudited) HK\$'M	Six months ended 30 September 2013 (Unaudited) HK\$'M
Condensed consolidated income statement					
Revenue	4,949	4,608	4,185	3,830	3,493
Property operating expenses	(1,182)	(1,168)	(1,089)	(1,047)	(976)
Net property income	3,767	3,440	3,096	2,783	2,517
General and administrative expenses	(185)	(157)	(163)	(286)	(106)
Change in fair values of investment properties	9,432	2,978	5,785	14,761	5,211
Operating profit	13,014	6,261	8,718	17,258	7,622
Interest income	2	2	4	14	14
Finance costs	(288)	(275)	(216)	(169)	(193)
Gains on disposals of investment properties	–	586	–	340	–
Profit before taxation and transactions with Unitholders	12,728	6,574	8,506	17,443	7,443
Taxation	(589)	(517)	(466)	(411)	(368)
Profit for the period, before transactions with Unitholders	12,139	6,057	8,040	17,032	7,075
Distributions paid to Unitholders	(2,581)	(2,404)	(2,138)	(1,976)	(1,725)
	9,558	3,653	5,902	15,056	5,350
Represented by:					
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back	10,228	3,138	5,767	15,071	5,412
Amount arising from cash flow hedging reserve and exchange reserve movements	(677)	411	104	(15)	(62)
Non-controlling interest	7	104	31	–	–
	9,558	3,653	5,902	15,056	5,350
Consolidated statement of distributions					
Profit for the period, before transactions with Unitholders attributable to Unitholders	12,132	5,953	8,009	17,032	7,075
Adjustments:					
– Change in fair values of investment properties attributable to Unitholders	(9,424)	(2,874)	(5,754)	(14,761)	(5,211)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders	48	8	17	–	–
– Other non-cash income	(83)	(36)	(42)	(18)	(10)
– Depreciation charge on investment properties under China Accounting Standards	(69)	(42)	(24)	–	–
– Gains on disposals of investment properties, net of transaction costs	–	(557)	–	(327)	–
Total distributable income	2,604	2,452	2,206	1,926	1,854
Discretionary distribution	69	42	24	128	–
Total distributable amount	2,673	2,494	2,230	2,054	1,854
Distribution per unit (HK cents)					
Interim DPU	121.50	111.75	98.99	89.56	80.22

Financial Data (Continued)

		As at 30 September 2017 (Unaudited)	As at 31 March 2017 (Audited)	As at 31 March 2016 (Audited)	As at 31 March 2015 (Audited)	As at 31 March 2014 (Audited)
Assets and liabilities						
Investment properties	HK\$'M	189,818	174,006	160,672	138,383	109,899
Other non-current assets	HK\$'M	660	669	1,816	934	470
Current assets, excluding investment properties held for sale	HK\$'M	1,340	1,265	964	3,827	3,097
Total assets	HK\$'M	191,818	175,940	163,452	143,144	113,466
Current liabilities	HK\$'M	7,099	4,046	4,387	4,880	5,532
Non-current liabilities	HK\$'M	36,822	33,397	31,624	20,158	11,583
Total liabilities, excluding net assets attributable to Unitholders	HK\$'M	43,921	37,443	36,011	25,038	17,115
Non-controlling interest	HK\$'M	263	256	54	–	–
Net assets attributable to Unitholders	HK\$'M	147,634	138,241	127,387	118,106	96,351
Interest bearing liabilities to total assets	%	17.4	15.6	16.5	11.9	11.0
Total liabilities to total assets	%	22.9	21.3	22.0	17.5	15.1
Valuation of investment properties	HK\$'M	189,818	174,006	160,672	138,383	109,899
Valuation capitalisation rate						
– Hong Kong (weighted average)	%	4.57	4.57	4.59	4.61	5.27
– Mainland China						
– Retail	%	4.50 – 4.75	4.50	4.50 – 5.00	N/A	N/A
– Office	%	4.25	4.25	4.00	N/A	N/A
Net assets per unit attributable to Unitholders	HK\$	67.11	62.47	56.79	51.53	41.69
Closing price per unit	HK\$	63.30	54.45	46.00	47.80	38.15
Market capitalisation	HK\$'M	139,252	120,498	103,185	109,547	88,160
Discount of unit price to net assets per unit attributable to Unitholders	%	5.7	12.8	19.0	7.2	8.5
Units in issue		2,199,876,472	2,213,002,276	2,243,148,136	2,291,770,269	2,310,889,561

Portfolio Data

		Six months ended 30 September 2017 (Unaudited)	Six months ended 30 September 2016 (Unaudited)	Six months ended 30 September 2015 (Unaudited)	Six months ended 30 September 2014 (Unaudited)	Six months ended 30 September 2013 (Unaudited)
Hong Kong Portfolio						
Average monthly unit rent at period end	HK\$ psf	59.0	52.5	47.4	43.6	40.2
Average monthly unit rent excluding self use office, Education/Welfare and Ancillary at period end	HK\$ psf	63.0	56.2	51.1	46.9	43.2
Reversion rate						
– Shops	%	28.5	21.2	29.5	24.1	22.6
– Overall	%	26.8	21.0	23.6	23.6	23.6
Occupancy rate at period end	%	96.3	95.9	95.1	94.4	94.1
Net property income margin	%	76.0	74.3	74.0	72.7	72.1
Number of turnover rent leases (excluding ancillary) at period end		5,039	5,035	5,199	5,187	5,082
Car park income per space per month	HK\$	2,463	2,206	1,986	1,738	1,529
Mainland China Portfolio						
Reversion rate						
– Retail	%	40.7	41.9	33.7	N/A	N/A
– Office	%	17.2	8.3	N/A	N/A	N/A
Occupancy rate at period end						
– Retail	%	96.9	98.2	100.0	N/A	N/A
– Office	%	98.1	98.4	98.5	N/A	N/A
Performance Data						
Net assets attributable to Unitholders at period end	HK\$'M	147,634	129,871	122,165	110,610	87,912
Net assets per unit attributable to Unitholders at period end	HK\$	67.11	58.20	54.24	48.23	38.04
The highest premium of the traded price to net assets per unit attributable to Unitholders (Note (i))	HK\$	N/A	0.10	N/A	N/A	8.36
The highest discount of the traded price to net assets per unit attributable to Unitholders (Note (i))	HK\$	(12.91)	(13.10)	(13.74)	(10.83)	(4.74)
Closing price per unit at period end	HK\$	63.30	57.00	42.50	44.75	38.05
Net yield per unit (Note (ii))	%	1.9	2.0	2.3	2.0	2.1
Net yield (annualised) per unit	%	3.8	3.9	4.7	4.0	4.2
Net yield (annualised) per unit on listing price of HK\$10.30 per unit	%	23.6	21.7	19.2	17.4	15.6

Notes:

- (i) The highest premium and discount are calculated based on the highest and lowest traded prices of HK\$65.40 (2016: HK\$58.30) and HK\$54.20 (2016: HK\$45.10) respectively on The Stock Exchange of Hong Kong Limited during the period. During the period, the highest traded price was lower than the net assets per unit attributable to Unitholders as at period end date. Accordingly, no premium of the traded price to net assets per unit attributable to Unitholders was presented at 30 September 2017.
- (ii) Net yield per unit is calculated based on distribution per unit for the six months ended 30 September 2017 of HK121.50 cents (2016: HK111.75 cents) over the closing price as at 30 September 2017 of HK\$63.30 (2016: HK\$57.00).

Investor Information

Listing of the Units

Link's units are listed on the Main Board of the Stock Exchange (stock code: 823) in board lot size of 500 units.

There were 2,199,876,472 units in issue as at 30 September 2017. Further details of units in issue are set out in Note 22 to the condensed consolidated interim financial information in this report.

Financial Calendar

Interim results announcement for the six months ended 30 September 2017	8 November 2017
Ex-interim distribution date	21 November 2017
Closure of register of Unitholders	23 November to 27 November 2017 (both days inclusive)
Record date for interim cash distribution	27 November 2017
Interim cash distribution payment date	1 December 2017
Final results announcement for the financial year ending 31 March 2018	June 2018

In order to qualify for the interim cash distribution of HK121.50 cents per unit for the six months ended 30 September 2017, Unitholders should ensure that all transfer documents accompanied by the relevant unit certificates must be lodged with Link's unit registrar, Computershare Hong Kong Investor Services Limited, 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 22 November 2017.

Financial reports, announcements, circulars, notices, other corporate communications, press releases and other investor information of Link are available online at Link's corporate website at Linkreit.com. To promote environmental protection, we recommend you to view our publications online at our corporate website instead of using printed copies.

Investor Relations Contact

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Customer Service Contact

Hotline: (852) 2122 9000

Websites

Linkreit.com (corporate website)
Linkhk.com (customer website)

Index Inclusion

Link is a component of the following selected indices:

Dow Jones Sustainability Asia Pacific Index

FTSE4Good Index

FTSE All-World Index Series

FTSE EPRA⁽¹⁾ / NAREIT⁽²⁾ Global Real Estate Index Series

FTSE EPRA⁽¹⁾ / NAREIT⁽²⁾ Developed Index

FTSE EPRA⁽¹⁾ / NAREIT⁽²⁾ Developed Asia Index

FTSE RAFI All World 3000

Russell RAFI Index Series

Russell Global Index

GPR⁽³⁾ 250 (World) Index

GPR⁽³⁾ 250 Asia Index

GPR⁽³⁾ 250 Asia Pacific Index

GPR⁽³⁾ 250 Hong Kong Index

GPR⁽³⁾ 250 REIT (World) Index

GPR⁽³⁾ 250 REIT Asia Index

GPR⁽³⁾ 250 REIT Asia Pacific Index

GPR⁽³⁾ 250 REIT Hong Kong Index

GPR⁽³⁾ General (World) Index

GPR⁽³⁾ General Asia Index

GPR⁽³⁾ General Hong Kong Index

GPR⁽³⁾ General Quoted (World) Index

GPR⁽³⁾ General Quoted Asia Index

GPR⁽³⁾ General Quoted Hong Kong Index

Hang Seng Index

Hang Seng REIT Index

Hang Seng Corporate Sustainability Index

MSCI⁽⁴⁾ All Country World Index

MSCI⁽⁴⁾ All Country Asia Pacific ex-Japan Index

MSCI⁽⁴⁾ World Index

MSCI⁽⁴⁾ Hong Kong Index

GPR⁽³⁾ / APREA⁽⁵⁾ Composite Index

GPR⁽³⁾ / APREA⁽⁵⁾ Composite Hong Kong Index

GPR⁽³⁾ / APREA⁽⁵⁾ Composite REIT Index

GPR⁽³⁾ / APREA⁽⁵⁾ Composite REIT Hong Kong Index

GPR⁽³⁾ / APREA⁽⁵⁾ Investable 100 Index

GPR⁽³⁾ / APREA⁽⁵⁾ Investable 100 Hong Kong Index

GPR⁽³⁾ / APREA⁽⁵⁾ Investable REIT 100 Index

Notes:

(1) European Public Real Estate Association

(2) National Association of Real Estate Investment Trusts

(3) Global Property Research

(4) Morgan Stanley Capital International

(5) Asia Pacific Real Estate Association

Definitions and Glossary

2007 LTI Plan	the long-term incentive plan of Link adopted by Unitholders on 23 July 2007 and expired on 22 July 2017
2017 LTI Scheme	the long-term incentive scheme of Link adopted by the Board on 10 July 2017
average monthly unit rent	the average base rent plus management fee per month per square foot of leased area
base rent	in respect of a lease, the standard rent payable under the lease, exclusive of any additional turnover rent (if applicable) and other charges and reimbursements
Board or Board of Directors	board of directors of the Manager
Board Chairman or Chairman	Chairman of the Board (unless the context requires otherwise)
Board Committees	the committees of the Board to discharge the duties set out in their respective terms of reference as approved by the Board which, as at the date of this report, include the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, and the Finance and Investment Committee, and “ Board Committee ” refers to any one of them
CBD	central business district
CEO	Chief Executive Officer of the Manager
CFO	Chief Financial Officer of the Manager
Compliance Manual	the compliance manual of the Manager which sets out (among others) the key processes, systems and measures in respect of Link’s operations and the corporate governance policy of Link
DCF	discounted cash flow
Director(s)	director(s) of the Manager
DPU	distribution per unit in respect of the total distributable amount of Link for a financial year/period
ED(s)	Executive Director(s) of the Manager (unless the context requires otherwise)
ESG	environmental, social and governance
EUPP	employee unit purchase plan, pursuant to which an eligible employee who meets the prescribed criteria is entitled to subsidy from the Manager for purchasing, through an independent third party intermediary, units of Link in the open market in accordance with the rules of the plan
GAV Cap	10% of Link’s gross asset value (and as calculated in the manner set out in the Trust Deed)
Group	Link and its subsidiaries (unless the context requires otherwise)
HK CCI	Hong Kong Consumer Confidence Index, which is developed by The Nielsen Company (Hong Kong) Limited. Target respondents are Hong Kong general consumers who aged 15 and above. Interviews are conducted via online for around 500 samples in each quarter

Hong Kong or HKSAR	Hong Kong Special Administrative Region of The People's Republic of China
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
INED(s)	Independent Non-Executive Director(s) of the Manager (unless the context requires otherwise)
lease	a lease or a tenancy agreement (both of which grant a possessory interest) or a licence (which merely constitutes an authority to do something) in respect of premises at the retail properties granted to a tenant
Link	Link Real Estate Investment Trust
Link CSI	Link Community Sentiment Index, which is developed based on the methodology of HK CCI. The target respondents are shoppers aged 15 and above of Link's shopping centres, across 16 districts in Hong Kong. Face to face interviews are conducted per quarter in 20 selected shopping centres for 720 samples. Interview period of Link CSI may be different from HK CCI within the quarter
Link Securities Dealing Code	the code governing dealings in securities of Link by Directors, senior management and other employees of certain senior grades of the Manager
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Listing Rules Corporate Governance Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
Manager	Link Asset Management Limited, which is the manager of Link
market capitalisation	the market value of the REIT calculated by multiplying the number of units in issue by the prevailing unit price quoted on the Stock Exchange
MTN	note(s) issued or to be issued from time to time pursuant to the Guaranteed Euro Medium Term Note Programme established by The Link Finance (Cayman) 2009 Limited (a wholly-owned subsidiary of Link) in May 2009
NED	Non-Executive Director of the Manager (unless the context requires otherwise)
NGO(s)	Non-governmental organisation(s)
NPI	net property income, being total revenue less direct property related expenses
occupancy rate	the aggregated leased area as a percentage of total leasable area
Principal Valuer	the Principal Valuer (as defined in the REIT Code) of Link, which is currently Jones Lang LaSalle Limited
psf or sq ft	per square foot or square feet
REIT(s)	real estate investment trust(s)
REIT Code	Code on Real Estate Investment Trusts issued by the SFC
return on investment	projected NPI post asset enhancement minus NPI pre asset enhancement divided by the estimated amount of project capital expenditure and loss of rental

reversion rate	the percentage change in per square foot average unit rent between old and new leases on the same unit
RMB	Renminbi, the lawful currency of The People's Republic of China
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
significant Unitholder	has the meaning of "significant holder" under 8.1(d) of Chapter 8 of the REIT Code (i.e. holder of an interest of 10% or more in the units of Link)
SPVs	special purpose vehicles (within the meaning of the REIT Code and the Trust Deed)
tenant	a lessee, a tenant or a licensee (as the case may be) under a lease
total distributable amount	total distributable amount for a financial year/period is the total distributable income and any additional amount (including capital) that the Manager has determined to be distributable
total distributable income	the consolidated profit after taxation attributable to Unitholders (equivalent to profit for the financial year/period, before transactions with Unitholders attributable to Unitholders) adjusted to eliminate the effect of certain non-cash adjustments
Trust Deed	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link, as amended and supplemented by 11 supplemental deeds
Trustee	trustee of Link, which is currently HSBC Institutional Trust Services (Asia) Limited
turnover rent	rent calculated and charged by reference to a pre-determined percentage of a tenant's gross sales turnover in excess of the base rent
unit(s)	unit(s) of Link (unless the context requires otherwise)
Unitholder(s)	holder(s) of unit(s) of Link

Corporate Information

Board of Directors of the Manager

Chairman

(also an Independent Non-Executive Director)
Nicholas Charles ALLEN

Executive Directors

George Kwok Lung HONGCHOY
(Chief Executive Officer)
Andy CHEUNG Lee Ming
(Chief Financial Officer)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

William CHAN Chak Cheung
Ed CHAN Yiu Cheong
Blair Chilton PICKERELL
Poh Lee TAN
May Siew Boi TAN
Peter TSE Pak Wing
Nancy TSE Sau Ling
David Charles WATT
Elaine Carole YOUNG

Company Secretary of the Manager

Ricky CHAN Ming Tak

Responsible Officers of the Manager⁽¹⁾

George Kwok Lung HONGCHOY
Andy CHEUNG Lee Ming
Hubert CHAK
Christine CHAN Suk Han
Eric YAU Siu Kei

Authorised Representatives⁽²⁾

Andy CHEUNG Lee Ming
Ricky CHAN Ming Tak

Trustee

HSBC Institutional Trust Services (Asia) Limited

Auditor

PricewaterhouseCoopers

Principal Valuer

Jones Lang LaSalle Limited

Registered Office of the Manager

33/F., AXA Tower, Landmark East,
100 How Ming Street,
Kwun Tong, Kowloon,
Hong Kong

Town Office of the Manager

Suite 3004, 30/F.,
9 Queen's Road Central,
Hong Kong

Unit Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F.,
Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Telephone: (852) 2862 8555

(1) Required by the SFO

(2) Required by the Listing Rules

Suppliers Link employees Link suppliers li
employees Link tenants Link suppliers Link vendors Link media Link shoppers Link investors Link business part
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