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Link Real Estate Investment Trust

*(a collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*
(stock code: 823)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

The board of directors (the **Board**) of Link Asset Management Limited (**Link**), as manager of Link Real Estate Investment Trust (**Link REIT**), is pleased to report to unitholders of Link REIT (the **Unitholders**) the audited consolidated final results of Link REIT and its subsidiaries (the **Group**) for the year ended 31 March 2024.

The final results and the consolidated financial statements of the Group for the year ended 31 March 2024, after review by the audit and risk management committee of Link (the **Audit and Risk Management Committee**), were approved by the Board on 29 May 2024.

OVERALL FINANCIAL RESULTS

Revenue and net property income increased by 11.0% and 9.5% year-on-year to HK\$13,578 million (2023: HK\$12,234 million) and HK\$10,070 million (2023: HK\$9,198 million), respectively, attributable to the Singapore assets acquired in March 2023, as well as the full-year contribution of our acquisitions in Australia and Mainland China completed in the prior financial year. Total distributable amount grew 6.4% year-on-year to HK\$6,718 million in 2023/2024 (2023: HK\$6,311 million), while distribution per unit (**DPU**) for the year decreased by 4.3% year-on-year to HK262.65 cents (2023: HK274.31 cents) due to increased number of units. Net gearing ratio as at 31 March 2024 was 19.5% (31 March 2023: 17.8%).

Valuation of the investment property portfolio decreased by 0.6% year-on-year to HK\$235,979 million (31 March 2023: HK\$237,469 million), mainly due to a decline in fair value resulting from capitalisation rate expansion for certain properties, as well as foreign currency depreciation against the Hong Kong Dollar. This was partially offset by the inclusion of 100% of the value of Qibao Vanke Plaza, following our acquisition of an additional 50% stake. Link REIT's net assets attributable to the Unitholders declined by 5.4% year-on-year to HK\$178,823 million (31 March 2023: HK\$188,940 million). Net asset value per unit decreased by 5.4% to HK\$70.02 (31 March 2023: HK\$73.98).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Highlights – China

Hong Kong Portfolio

Link REIT's Hong Kong portfolio comprises 130 community commercial assets across the region, covering non-discretionary retail spaces, fresh markets and office assets, complemented by around 57,000 car parking spaces near public housing estates and major transport links. These properties are pivotal to the local retail infrastructure and offer resilient incomes throughout economic cycles. Their strategic location ensures easy access to day-to-day goods, services and parking for both estate residents and visitors. This portfolio also includes a 60% stake in The Quayside, an office asset located in Kowloon East, and two car park/car service centres and godown buildings in Hung Hom and Chai Wan.

Throughout the year under review, Hong Kong's economy experienced slower-than-expected growth, despite a resurgence in economic activity post-pandemic and the normalisation of travel. This development cast a promising yet cautious light on non-discretionary retail sales. The retail sector continues to navigate through uncertain waters, characterised by the disparity in the recovery pace of inbound and outbound tourism. Moreover, a shift in the Hong Kong market was observed, with increased cross-border consumption in Mainland China. This shift contributed to a moderation in retail sales performance in the second half of 2023/2024. Amidst these challenging market conditions, the Hong Kong portfolio demonstrated resilience and robustness, achieving 2.2% growth in total revenue and 0.1% in net property income year-on-year, attributable to improved performance in Hong Kong car parks, partially offset by weaker office performance. The seasonally adjusted unemployment rate was still at a low level of 3.0% in January to March 2024, lending support to consumption.

Retail

- As at 31 March 2024, Link REIT's Hong Kong retail portfolio maintained a high occupancy rate of 98.0%, attributable to its strategically located community commercial properties and our strong asset management capabilities. Average monthly unit rent grew to HK\$64.4 per square foot (**psf**) as at 31 March 2024, compared with HK\$63.8 psf in the previous year. Furthermore, the overall average reversion rate sustained its growth momentum on a year-on-year basis, increasing to 7.9%, while the rent-to-sales ratio stabilised at a healthy and sustainable 12.6%.
- Despite softer retail market sentiment in Hong Kong, overall portfolio tenant gross sales psf reported a modest year-on-year increase of 0.4%. When comparing Link REIT's portfolio tenant gross sales performance to pre-pandemic levels, it outperformed the broader trends within Hong Kong's retail sector. Specifically, tenant gross sales psf reached 101.3% of pre-pandemic levels, clearly differentiating the performance of the Link REIT portfolio from that of the broader Hong Kong retail sector which returned to only 85.3% of its pre-pandemic benchmark.

- We continue to maximise value of our assets in the face of changing market dynamics. In 2023/2024, we completed asset enhancements at Tung Tau Market, Kai Tin Shopping Centre, Butterfly Market and Kin Sang Shopping Centre, with a total expenditure of HK\$27.6 million, HK\$118.2 million, HK\$26.5 million and HK\$58.0 million, respectively. The estimated return on investment for the projects was 15.9%, 12.7%, 11.4% and 10.0%, respectively.
- We have earmarked capital expenditure of approximately HK\$640 million for projects under planning and statutory approval. Our asset enhancement pipeline includes assets in Fu Shin, Sau Mau Ping and Lei Yue Mun, which are scheduled for completion between mid-2024 and mid-2025.
- By closely monitoring market trends and consumer behaviours, we will adapt our strategies to mitigate risks associated with market shifts and capitalise on emerging opportunities. Leveraging our asset management capabilities, we aim to optimise space usage and optimise our tenant mix to stay ahead of the competition, with an emphasis on ensuring convenience and the quality of its offerings. Committed to ongoing market research, we actively assess changing dynamics and respond accordingly, including being open to asset recycling and space optimisation when opportunities arise.

Revenue Breakdown

	Year ended 31 March 2024 HK\$'M	Year ended 31 March 2023 HK\$'M	Year-on-year change %
Retail rental:			
Shops ⁽¹⁾	5,050	4,965	1.7
Markets/Cooked Food Stalls	1,061	1,025	3.5
Education/Welfare and Ancillary	148	146	1.4
Mall Merchandising	181	184	(1.6)
Expenses recovery and other miscellaneous revenue⁽²⁾	1,065	1,021	4.3
Total retail revenue	7,505	7,341	2.2

Notes:

⁽¹⁾ Rental from shops included base rent of HK\$4,945 million (2023: HK\$4,861 million) and turnover rent of HK\$105 million (2023: HK\$104 million).

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

Operational Statistics

	Occupancy rate		Reversion rate		% of total area ⁽¹⁾
	As at 31 March 2024	As at 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	As at 31 March 2024
Shops	98.4	98.3	7.8	5.7	84.0
Markets/Cooked Food Stalls	95.8	96.1	8.6	15.1	9.2
Education/Welfare and Ancillary	95.8	97.1	2.4	1.2	6.8
Total	98.0	98.0	7.9	7.1	100.0

Note:

⁽¹⁾ Total excluding self-use office.

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

(Year ended 31 March 2024)

Trade	Tenant retail gross sales growth psf %	Rent-to-sales ratio ⁽¹⁾ %
Food and Beverage	4.6	12.8
Supermarket and Foodstuff	(5.1)	11.9
General Retail ⁽²⁾	1.3	13.1
Overall	0.4	12.6

Notes:

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

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

Portfolio Breakdown

	No. of properties	Retail property valuation ⁽²⁾	Retail rentals	Average monthly unit rent ⁽¹⁾		Occupancy rate	
	As at 31 March 2024	As at 31 March 2024 HK\$'M	Year ended 31 March 2024 HK\$'M	As at 31 March 2024 HK\$ psf	As at 31 March 2023 HK\$ psf	As at 31 March 2024 %	As at 31 March 2023 %
Properties							
Destination	6	26,127	1,248	78.5	78.1	97.1	97.2
Community	35	69,470	3,660	71.8	71.0	98.5	98.4
Neighbourhood	57	30,041	1,532	46.8	46.1	97.7	97.8
Total	98	125,638	6,440	64.4	63.8	98.0	98.0

Notes:

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

(2) Excluding a parcel of commercial-use land off Anderson Road, Kwun Tong of HK\$804 million.

Trade Mix

(As at 31 March 2024)

Trade	By monthly rent ⁽¹⁾ %	By leased area %
Food and Beverage	28.9	30.0
Supermarket and Foodstuff	21.2	17.0
Markets/Cooked Food Stalls	17.4	9.0
Services	10.2	10.3
Personal Care/Medicine	5.4	3.8
Education/Welfare and Ancillary	1.0	6.7
Valuable Goods (Jewellery, watches and clocks)	0.7	0.4
Others ⁽²⁾	15.2	22.8
Total	100.0	100.0

Notes:

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

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

Lease Expiry Profile

(As at 31 March 2024)

	% of total area %	% of monthly rent ⁽¹⁾ %
2024/2025	34.5	33.0
2025/2026	25.9	29.0
2026/2027 and beyond	32.0	31.5
Short-term Lease and Vacancy	7.6	6.5
Total	100.0	100.0

Note:

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

Property Development

- In August 2022, we announced the acquisition of a parcel of land designated for non-office commercial use situated off Anderson Road, Kwun Tong. Our strategy is to leverage our expertise in non-discretionary retail, transforming this land into a community commercial asset, with retail facilities, a fresh market and a car park to cater to the expanding catchment. The foundation works for this new community commercial asset, which features a gross floor area of 12,936 square metres, have begun and are progressing as planned towards the 2027 completion target.

Car Parks and Related Business

- Car parks and related business continued to benefit from the continued mismatch between supply and demand for parking spaces. A decline in the number of tickets was compensated for by parking tariff increases, leading to a 3.4% year-on-year increase in revenue.
- Monthly and hourly car park rental income rose by 2.6% and 5.5% year-on-year, respectively, primarily due to the upward adjustments of car park tariffs during the reporting year. Additionally, the hourly car park income benefitted from an increase in total parking hours.
- Car park income per space per month saw an increase of 3.4% year-on-year to HK\$3,337.
- As at 31 March 2024, average car park valuation per space was approximately HK\$744,000, increased by 2.6% (31 March 2023: HK\$725,000).

Revenue Breakdown

	Year ended 31 March 2024 HK\$'M	Year ended 31 March 2023 HK\$'M	Year-on-year change %
Rental income:			
Monthly car park	1,629	1,587	2.6
Hourly car park	634	601	5.5
Car parks related business ⁽¹⁾	207	207	–
Expense recovery and other miscellaneous revenue	12	6	100.0
Total car parks and related business revenue	2,482	2,401	3.4

Note:

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

Office

- As at 31 March 2024, The Quayside, an office building held via a joint venture, recorded a high occupancy rate of 98.2%, notwithstanding the prevalent vacancies in Kowloon East office sector.
- Following the departure of two tenants in the first half of the financial year, Link swiftly filled up the space, underscoring a clear preference among tenants for quality-centric and cost-effective choices. This rapid turnaround serves as a testament to the relentless efforts and efficiency of our leasing team.

Property Operating Expenses

- Total property operating expenses grew 9.2% year-on-year, mainly due to higher expenses on all fronts, especially for property managers' fees, security and cleaning, repair and maintenance as well as promotion and marketing expenses. Net property income margin stood at 75.3% (2023: 76.9%).
- Property managers' fees, security and cleaning increased by 8.8% mainly due to the increase in the minimum wage and contract renewal.
- Repair and maintenance costs rose by 19.7% year-on-year, largely due to higher maintenance contract costs and surging repair costs resulting from extreme weather events this year.

- As retail markets continue to recover from the aftermath of COVID, we bolstered efforts to boost overall sales and drive footfall, organising an array of innovative marketing campaigns. This increased promotion and marketing expenses by 12.8% year-on-year.

Property Operating Expenses Breakdown

	Year ended 31 March 2024 HK\$'M	Year ended 31 March 2023 HK\$'M	Year-on-year change %
Property managers' fees, security and cleaning	665	611	8.8
Staff costs	463	436	6.2
Repair and maintenance	261	218	19.7
Utilities	305	285	7.0
Government rent and rates	301	281	7.1
Promotion and marketing expenses	220	195	12.8
Estate common area costs	103	98	5.1
Provision for impairment of trade receivables	29	16	81.3
Other property operating expenses	187	181	3.3
Total property operating expenses	2,534	2,321	9.2

Mainland China Portfolio

The Link REIT Mainland China portfolio comprises 6 retail assets, 1 office asset and 5 logistics assets in tier-one cities and the surrounding river delta areas. These assets are strategically located to capitalise on the population density and vibrant economy of their local catchments. The assets are poised to benefit from these regions' promising long-term growth prospects, solid consumer demands and dynamic commercial activities.

During the financial year, the economy of Mainland China was impacted by a maelstrom of external and domestic factors such as geopolitical tensions, turbulence in the property sector, subdued global demand and weaker consumer confidence. Following Chinese New Year, the economy showed signs of stabilisation with gross domestic product growing to 5.3% in the first quarter of 2024, up from 5.2% in the previous quarter. Against this macro backdrop, we continue to focus on optimising the performance of the Link REIT Mainland China portfolio, whilst closely monitoring consumption trends to pre-empt future risks.

Total revenue and net property income in Mainland China saw the year-on-year increases of 6.3% and 10.6%, respectively, in RMB terms. This growth was mainly due to improved performance of the retail assets, new contributions from two logistics assets acquisitions and our acquisition of the remaining 50% interest in Qibao Vanke Plaza, partially offset by weaker office performance. In HKD terms, due to weakness in the RMB, revenue grew 1.7% and net property income grew 5.9% year-on-year.

Retail

- As at 31 March 2024, the occupancy of our Mainland China retail portfolio reached 96.6%. A positive average retail reversion rate of 2.8% in 2023/2024 was driven by the strategic backfilling of the Link CentralWalk basement, which benefitted significantly from increased rental rates following the replacement of an anchor tenant.
- Despite conservative domestic consumer spending, there was a noticeable preference for more engaging leisure activities and group dining experiences. Malls featuring unique food and beverage (**F&B**) concepts and experiential offerings benefitted from this trend. Portfolio tenant sales experienced a consistent uptick and reported a 31.6% year-on-year increase. Moreover, footfall also surged by 49.0% year-on-year.
- During the year, we announced the acquisition of the remaining 50% interest in Qibao Vanke Plaza in Shanghai, making Link REIT the sole owner. This asset, previously co-owned since 2021, is a sizable and high-quality regional mall strategically located and with appealing tenant offerings. It is a flagship mall which will showcase Link's strong competence in the retail sector. The acquisition was completed in February 2024.
- We maintain our focus on creating value through the implementation of asset enhancement initiatives. Within our capital expenditure pipeline, we allocated approximately RMB120 million to the second phase of asset enhancement of Link Plaza Tianhe in Guangzhou and approximately RMB60 million to Link Plaza Tongzhou in Beijing. These projects, which are expected to commence in mid-to-late-2024, encompass renovations of the amenities and a redesign of the West Wing of Link Plaza Tianhe in Guangzhou. The objective is to create an inviting ambience to enhance the overall visitor experience. Additionally, we have outlined plans to upgrade the interior and optimise the tenant mix for Link Plaza Tongzhou in Beijing.

Office

- The surge in new supply in Shanghai has sparked fierce competition in the office market, pushing up the vacancy rates across the city. Link Square, which comprises two prime Grade A office towers, maintained a robust occupancy rate of 92.3% as at 31 March 2024. Despite this achievement, a negative 10.2% rental reversion was reported for 2023/2024.

Lease Expiry Profile

(As at 31 March 2024)

	Retail		Office	
	% of total area %	% of monthly rent ⁽¹⁾ %	% of total area %	% of monthly rent ⁽¹⁾ %
2024/2025	28.8	38.0	17.6	19.4
2025/2026	16.6	21.0	5.4	6.7
2026/2027 and beyond	51.2	41.0	69.3	73.9
Vacancy	3.4	–	7.7	–
Total	100.0	100.0	100.0	100.0

Note:

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

Logistics

- Our logistics portfolio in Mainland China boasts five high-quality logistics assets strategically located near key transportation hubs in tier-one cities within the Greater Bay Area and the Yangtze River Delta. The acquisitions of Changshu South Warehouse and Changshu North Warehouse were completed in April and May 2023, respectively. During the year under review, stable leasing demand was observed in the Greater Bay Area, fuelled by the e-commerce, auto parts and sourcing and supply chain industries.
- Despite the influx of new supply to the market, our logistics portfolio registered a high average occupancy rate of 96.2% as at 31 March 2024. This was driven primarily by the ongoing leasing activities at the newly acquired Changshu North Warehouse, reflecting the dedicated efforts of our leasing team in Mainland China.

Operational Highlights – International

The international portfolio under Link REIT comprises 12 retail and office assets across Australia, Singapore and the United Kingdom. Revenue and net property income increased 168.8% and 204.6% to HK\$1,742 million and HK\$1,188 million, respectively, mainly attributable to the full year contribution of our Singapore assets.

The overseas portfolio continued to undergo leasing and space optimisation. Broadly speaking, the initiatives yielded improved operations and the sustained uptrend in tenant sales and shopper traffic.

Retail

Australia

- Retail sales were near pre-COVID levels for 2023/2024, while the footfall recovery is ongoing. The malls have benefitted from demand for F&B as well as new store openings, some of which are unique to Sydney/Australia such as Penhaligons at QVB and P.E. Nation at The Galleries. The portfolio occupancy rate improved to 99.7% as at 31 March 2024, indicating positive leasing momentum.
- Completion of the Sydney Metro City and Southwest lines in mid-2024 will enhance rail connectivity to the three malls, being QVB, The Strand Arcade and The Galleries, bringing more outer Metro traffic into the CBD and shortening commutes by up to 35 minutes.
- Key initiatives include the George Street rejuvenation project, which involves upgrading shop frontage to attract footfall. The project is still in progress, as we collaborate with our JV partner to work with local authorities and consultants.

Singapore

- The health of the economy thus far was reflected in suburban retail performance. Our Jurong Point and Swing By @ Thomson Plaza assets registered high occupancy of 97.8% as at 31 March 2024 and solid rental reversions of 9.6% for 2023/2024.
- During the year, Jurong Point and Swing By @ Thomson Plaza experienced a strong rebound in shopper traffic amid many exciting marketing activities held at these malls. We continued to strengthen the retail and F&B offerings with new concepts, which were well-received by shoppers. Sales performance at the malls was driven by F&B and beauty and wellness, two major trade categories of our portfolio.

Office

- Our international office portfolio's income resilience is underpinned by a relatively long weighted average lease expiry of approximately 5.1 years. Overall occupancy declined to 89.2% following the completion of the speculative fit-out projects at 347 Kent Street in Sydney, which is now undergoing subsequent stabilisation. Excluding the area under stabilisation, the overall occupancy rate would have been 94.0%.

- The increasing popularity of hybrid working arrangements since the COVID pandemic has marred the anticipated recovery of the global office sector. Our efforts to address the challenges have mitigated the corresponding impacts and borne some fruition. Maintaining the high asset quality enables us to benefit from the continuing flight-to-quality trend, particularly for assets located in CBDs. The speculative fit-out projects at 347 Kent Street and The Cabot in London would facilitate more flexible tenant solutions, while the lobby refurbishment at The Cabot will improve tenant experience.
- For Sydney, the lack of new pipeline supply in the coming 2 years supports the leasing outlook for the office sector.

Valuation Review

- Cushman & Wakefield Limited (**C&W**), the Principal Valuer, valued Link REIT's property portfolio (except property under development) as at 31 March 2024 using the income capitalisation method with cross-reference to market comparables and the discounted cashflow method for some international properties where the international valuation standards require. C&W valued the parcel of commercial land off Anderson Road, Kwun Tong, using the residual method. The valuation methods are respectively in line with market practice of property valuation and are in compliance with the Trust Deed and Link's Compliance Manual.
- As at 31 March 2024, the total value of investment properties decreased by 0.6% year-on-year to HK\$235,979 million, mainly due to a decline in fair value resulting from capitalisation rate expansion for certain properties, as well as foreign currency depreciation against the Hong Kong Dollar. This was offset by the inclusion of 100% of the value of Qibao Vanke Plaza, following the acquisition of an additional 50% stake.
- The value of Hong Kong retail properties decreased by 2.6% year-on-year to HK\$126,442 million due to capitalisation rate expansions. The value of car parks and related business increased by 1.6% to HK\$47,559 million, mainly driven by an increase in net property income from car park assets. The value of Hong Kong office property decreased by 15.7% to HK\$6,957 million due to adjustment of market rent, capitalisation rate expansion and more conservative valuation assumptions to reflect weak office demand.

- The properties in Mainland China were valued at HK\$35,233 million (31 March 2023: HK\$35,168 million, including 50% value of Qibao Vanke Plaza). The increase of HK\$65 million in valuation was mainly attributable to the inclusion of the newly acquired 50% value of Qibao Vanke Plaza in 2023/2024. Excluding the translation differences and on a like-for-like basis (excluding the 50% value of Qibao Vanke Plaza, Changshu South Warehouse and Changshu North Warehouse newly acquired during 2023/2024), the value of our Mainland China properties would have gone down by 6.7% in Renminbi terms.
- The valuation of retail and office buildings (including the 49.9% value in the five prime office assets in Sydney and Melbourne) in Australia was HK\$2,717 million (31 March 2023: HK\$2,895 million) and HK\$7,729 million (31 March 2023: HK\$9,361 million), respectively. Excluding the translation differences, the value would have gone down by 3.1% and 14.8%, respectively, in Australian dollar terms, mainly due to capitalisation rate expansion.
- The value of the United Kingdom office building was HK\$1,995 million as at 31 March 2024 (31 March 2023: HK\$2,780 million). Excluding the exchange gain from the appreciation of British Pound, the decrease of HK\$814 million in valuation was mainly attributable to capitalisation rate expansion.
- Portfolio properties in Singapore were valued at HK\$13,466 million (31 March 2023: HK\$13,630 million). The slight decrease in value was due to depreciation of Singapore Dollar against Hong Kong Dollar.
- The overseas investments were principally funded by local currency borrowings as currency hedges. The exchange translation differences were largely offset.

Valuation

	Valuation		Capitalisation Rate	
	As at 31 March 2024 HK\$'M	As at 31 March 2023 HK\$'M	As at 31 March 2024	As at 31 March 2023
Hong Kong				
Retail properties	126,442	129,819	3.25% – 4.60%	3.10% – 4.50%
Car parks and related business	47,559	46,823	2.70% – 4.90%	2.60% – 4.80%
Office property	6,957 ⁽¹⁾	8,255 ⁽¹⁾	3.30%	3.00%
	<u>180,958</u>	<u>184,897</u>		
Mainland China				
Retail properties	27,294 ⁽²⁾	26,309 ⁽²⁾	4.65% – 5.15%	4.50% – 5.00%
Office property	5,223	6,364	4.75%	4.25%
Logistics properties	2,716	2,495	5.20% – 5.30%	5.00%
	<u>35,233</u>	<u>35,168</u>		
Australia				
Retail properties	2,717	2,895	5.25% – 5.50%	4.88% – 5.25%
Office properties	7,729 ⁽³⁾	9,361 ⁽³⁾	5.00% – 6.25%	4.50% – 5.25%
	<u>10,446</u>	<u>12,256</u>		
United Kingdom				
Office property	1,995 ⁽⁴⁾	2,780 ⁽⁴⁾	8.50%	6.00%
Singapore				
Retail properties	13,466	13,630	3.80% – 4.50%	3.80% – 4.50%
Total valuation	<u>242,098</u>	<u>248,731</u>		
Total valuation of investment properties	<u>235,979⁽⁵⁾</u>	<u>237,469⁽⁵⁾</u>		

Notes:

- (1) Represents the office portion only of The Quayside. Includes two floors of The Quayside occupied by Link REIT as at 31 March 2023 and 31 March 2024.
- (2) Includes 50% value of Qibao Vanke Plaza as at 31 March 2023 and 100% value of Qibao Vanke Plaza as at 31 March 2024.
- (3) Includes 49.9% value of the prime office portfolio in Sydney and Melbourne as at 31 March 2023 and 31 March 2024.
- (4) Includes two floors of The Cabot occupied by Link REIT for co-working space business as at 31 March 2023 and 31 March 2024.
- (5) Excludes two floors of The Quayside & two floors of The Cabot occupied by Link REIT, classified as property, plant and equipment and the 49.9% value of the prime office portfolio in Sydney and Melbourne as at 31 March 2024. Further excludes the 50% value of Qibao Vanke Plaza as at 31 March 2023.

Capital Management

Divergence of interest rates remained the key theme for the year under review. The US economy faced sustained inflationary pressure, driven by the tight labour market and robust wage growth. Many countries are combating inflation with contractionary policies. By contrast, China is launching different measures to stimulate economic growth, including reduction in lending rates, amid concerns over a sluggish property market, overcapacity and demographic changes.

The Federal Reserve deferred previously anticipated interest rate cuts, while the Swiss National Bank became the first Western central bank to deliver an interest rate cut by 25 basis points in March 2024. On the other hand, the People's Bank of China lowered its 5-year loan prime rate, a key mortgage benchmark rate, by 25 basis points in February 2024, aiming to support the ailing property sector. Such divergence is also expected to result in a more significant fluctuation in the foreign exchange market.

With investments and operations in multiple markets, Link remained vigilant and proactive in hedging risks against interest rate and foreign currency volatility, reserving ample liquidity to potentially capture accretive growth opportunities. Against the backdrop of elevated interest rates and rising exchange rate volatility, Link's strategy is underpinned by a steadfast commitment to its prudent capital management.

Disciplined Debt and Interest Rate Management

During the year under review, the gross gearing ratio reduced from 24.2% to 23.5%. We strategically positioned our debt portfolio for a prolonged high-interest rate environment by raising the proportion of fixed-rate debts from 56.8% to 69.8% to minimise variable interest rate exposure. Our interest rate strategy proved to be effective. Despite the substantial surge in market interest rates during the year, average all-in borrowing cost was maintained at a competitive level of 3.78%.

- Total debt (face value) declined by HK\$5.7 billion to HK\$60.0 billion as at 31 March 2024.
- Gross gearing ratio decreased mildly from 24.2% to 23.5% as at 31 March 2024.
- Net gearing ratio maintained at a low level of 19.5% as at 31 March 2024.
- Total liquidity reduced to HK\$18.5 billion as at 31 March 2024, comprising HK\$8.5 billion undrawn committed facilities and HK\$10.0 billion cash and bank balances.

- Average all-in borrowing cost for the year ended 31 March 2024 was 3.78%.
- Debt maturity averaged at 3.0 years and was well staggered over the coming 14 years.
- 69.8% of the debt portfolio was maintained at fixed interest rates as at 31 March 2024, which increased substantially from 56.8% as at 31 March 2023.

Prudently Managed Foreign Currency Exposure

Throughout the year, the divergence in interest rate paths continued to result in greater volatility in foreign exchange rates. USD maintained its strength against most other currencies, primarily driven by the elevated USD interest rate and resilient performance of the US economy. HKD is pegged to USD, meaning that those foreign currencies also depreciated against HKD.

Notwithstanding that, we adopted a prudent foreign currency strategy to minimise Link REIT's foreign currency exposure and to protect its distributable income fluctuation.

- All overseas investments (i.e., our Australia, Singapore and the United Kingdom portfolios) were essentially fully hedged through local currency-denominated borrowings and foreign currency forward contracts.
- During the year, we capitalised on the favourable interest rate differentials between RMB and HKD currencies to increase the RMB currency asset hedging ratio. As at 31 March 2024, over 70% of the RMB asset exposure was hedged with RMB-denominated borrowings and currency swap contracts.
- Distributable income from non-Hong Kong properties was substantially hedged into HKD terms on an annual basis through foreign currency forward contracts to mitigate volatility in distributable income.

Optimise Value for Unitholders

- Distribution reinvestment scheme: Link continues to provide eligible Unitholders with the option to reinvest in Link REIT units for scrip distributions. In respect of the interim distribution of the six months ended 30 September 2023, HK\$614 million of the cash distribution was reinvested, with approximately 15.9 million new units issued at a unit price of HK\$38.57.

- Unit buyback: A total of 24.0 million units were bought back during the year under review at an average price of HK\$38.9 per unit, utilising HK\$936.8 million (including transaction costs). Link will consider further unit buybacks subject to market conditions and other regulatory requirements.
- Relevant Investments: As at 31 March 2024, a bond portfolio with a market value of HK\$589 million was held. For the twelve months ended 31 March 2024, HK\$39 million bonds were sold and a total of HK\$560 million bonds matured and were redeemed in full.

Credit Ratings Supported by Resilient Performance

- Link REIT credit ratings remain unchanged from the prior reporting period at A2/Stable (Moody's), A/Stable (S&P) and A/Stable (Fitch).
- Rating agencies acknowledged Link REIT's resilient financial fundamentals, diversification strategy and well-managed capital structure as well as its lower gearing and increased financial buffers in respect of credit ratings.

Debt Profile Breakdown

(Face Value as at 31 March 2024)

Debt Mix by Types

	<i>HK\$ billion</i>	%
Bank Loans	33.2	55.3%
Medium Term Notes (<i>MTN</i>)	22.7	37.9%
Convertible Bond (<i>CB</i>)	4.1	6.8%
Total	60.0	100.0%

Debt Mix by Fixed/Floating Rates

(After interest rate swap)

	<i>HK\$ billion</i>	%
Fixed	41.9	69.8%
Floating	18.1	30.2%
Total	60.0	100.0%

Debt Mix by Years to Maturity

	<i>HK\$ billion</i>	<i>%</i>
Due in 2024/2025	8.7	14.5%
Due in 2025/2026	11.2	18.7%
Due in 2026/2027	17.6	29.3%
Due in 2027/2028	15.3	25.5%
Due in 2028/2029 and beyond	7.2	12.0%
Total	60.0	100.0%

Debt Mix by Currencies

(After currency swap)

	<i>HK\$ billion</i>	<i>%</i>
HKD	14.0	23.3%
RMB	23.9	39.8%
AUD	7.0	11.7%
SGD	13.0	21.7%
GBP	2.1	3.5%
Total	60.0	100.0%

Corporate Strategy

Link aims to provide our Unitholders with a stable return and sustainable long-term growth and to create value through active management of portfolio, investments, capital and assets. We focus on investing in the Asia Pacific region, as it provides higher growth potential with a large, diverse and growing pool of asset and investment opportunities.

Our next phase of growth will be driven by our Link 3.0 strategy through which we will expand our investment management capabilities in order to manage a more diverse source of capital and invest in a wider range of investment opportunities.

We aim to further diversify and optimise the Link REIT portfolio by actively considering accretive investment opportunities and evaluating potential asset recycling initiatives. We are closely following current regional repricing trends and will continue to look for market dislocation opportunities.

Adopting an active asset management approach, we continue to strive to increase productivity and efficiency through our integrated operating platform. It is our priority to uphold operational excellence.

Link is a fully-fledged investment management platform with a strong track record, evident by the solid results delivered from the Link REIT portfolio for the past 18 years. On top of that, we plan to leverage our foundation to manage investments for capital partners. We will grow our investment and operating capabilities to complement our current focus so we can better create value with a wider scope of opportunities. We target to capture growth through new fee income streams and to create cost efficiencies, benefiting from the business scalability.

As we execute our Link 3.0 strategy, we will continue to enhance our market position and competitiveness, as well as to uphold our ESG stewardship. While the interest rate environment is expected to stay high for longer, we continue to actively manage our capital whilst looking to maintain our strong credit ratings.

During the year under review, we have been planning and laying the groundwork for Link 3.0. We have been refining our growth strategy as well as exploring different organic and inorganic pathways. We have been building out our investment management governance framework and strengthened our management team with key strategic hires. We will communicate further details of our strategy as we progress.

Outlook

In the coming year, the global landscape and real estate markets in Asia Pacific are expected to remain challenging and complex. While these macro uncertainties are out of our control, we are committed to delivering our best endeavours, proactively driving value while mitigating risks.

Building a resilient organisation means equipping our team to handle future challenges effectively and to prepare for our next phase of growth. We have embarked on an organisational and culture review project to ensure we are prepared to deal with these challenges and are in position to execute our Link 3.0 Strategy.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 HK\$'M	2023 HK\$'M
Revenue	2	13,578	12,234
Property operating expenses		(3,508)	(3,036)
Net property income		10,070	9,198
General and administrative expenses		(766)	(653)
Change in fair values of investment properties		(7,361)	9,367
Impairment of goodwill and property, plant and equipment		(458)	(50)
Interest income		551	106
Finance costs		(2,319)	(1,754)
Loss on disposals of financial assets at amortised cost		(5)	–
Share of net (losses)/profits of joint ventures	8	(627)	85
(Loss)/profit before taxation and transactions with Unitholders	4	(915)	16,299
Taxation	5	(1,548)	(1,006)
(Loss)/profit for the year, before transactions with Unitholders		(2,463)	15,293
Distributions paid to Unitholders:			
– 2024 interim distribution		(3,333)	–
– 2023 final distribution		(3,034)	–
– 2023 interim distribution		–	(3,277)
– 2022 final distribution		–	(3,083)
Nil paid rights issued to Unitholders		(8,830)	8,933
		–	(1,638)
		(8,830)	7,295
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back		(10,148)	5,201
Amount arising from reserve movements		1,798	2,252
Non-controlling interests		(480)	(158)
		(8,830)	7,295
(Loss)/profit for the year, before transactions with Unitholders attributable to			
– Unitholders (<i>Note</i>)	6	(1,983)	15,451
– Non-controlling interests		(480)	(158)
		(2,463)	15,293

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Before transactions with Unitholders HK\$'M	Transactions with Unitholders (Note (i)) HK\$'M	After transactions with Unitholders (Note (ii)) HK\$'M	Non- controlling interests HK\$'M	Total HK\$'M
For the year ended 31 March 2024					
Loss for the year	(1,983)	3,781	1,798	(480)	1,318
Other comprehensive income					
Items that may be reclassified subsequently to the consolidated income statement					
– Cash flow hedging reserve	(169)	–	(169)	–	(169)
– Exchange reserve	(1,629)	–	(1,629)	(21)	(1,650)
Total comprehensive loss for the year	(3,781)	3,781	–	(501)	(501)
For the year ended 31 March 2023					
Profit for the year	15,451	(13,199)	2,252	(158)	2,094
Other comprehensive income					
Items that may be reclassified subsequently to the consolidated income statement					
– Cash flow hedging reserve	146	–	146	–	146
– Exchange reserve	(2,398)	–	(2,398)	(24)	(2,422)
Total comprehensive income for the year	13,199	(13,199)	–	(182)	(182)

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$6,367 million (2023: HK\$6,360 million), nil paid rights issued to Unitholders of HK\$Nil (2023: HK\$1,638 million) and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, which is a decrease of HK\$10,148 million (2023: an increase of HK\$5,201 million).
- (ii) In accordance with the Trust Deed, the units of Link REIT contain contractual obligations to pay to its Unitholders cash distributions and also, upon the termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with Hong Kong Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issues of new units and units bought back, are finance costs. Accordingly, the comprehensive income attributable to Unitholders after the transactions with Unitholders is zero.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK\$'M	2023 HK\$'M
(Loss)/profit for the year, before transactions with Unitholders attributable to Unitholders	(1,983)	15,451
Adjustments (<i>Note (i)</i>):		
– Change in fair values of investment properties	7,710	(9,443)
– Impairment of goodwill and property, plant and equipment	458	50
– Deferred taxation on change in fair values of investment properties	458	(60)
– Change in fair values of derivative component of convertible bonds	(169)	22
– Change in fair values of financial instruments	82	51
– Depreciation and amortisation of real estate and related assets	45	60
– Loss on disposals of financial assets at amortised cost	5	–
– Other non-cash losses	112	180
Total Distributable Amount (<i>Note (i)</i>)	6,718	6,311
Interim distribution paid	3,333	3,277
Final distribution, to be paid to the Unitholders	3,385	3,034
Total distributions for the year	6,718	6,311
Units in issue at 31 March	2,553,845,113	2,553,845,091
Distributions per unit to Unitholders:		
– Interim distribution per unit, paid (<i>Note (ii)</i>)	HK130.08 cents	HK155.51 cents
– Final distribution per unit, to be paid to the Unitholders (<i>Note (iii)</i>)	HK132.57 cents	HK118.80 cents
Distribution per unit for the year	HK262.65 cents	HK274.31 cents

Notes:

- (i) Under the terms of the Trust Deed, Link REIT is required to distribute to Unitholders no less than 90% of its distributable income for each financial year. Distributable income, according to the Trust Deed, is the Group's consolidated profit/(loss) after taxation attributable to Unitholders, as adjusted to eliminate the effect of certain non-cash adjustments attributable to Unitholders which have been recorded in the consolidated income statement for the relevant year. For the year ended 31 March 2024, the manager has decided to distribute 100% (2023: 100%) of its distributable income to Unitholders, and the total distributable amount represented 100% (2023: 100%) of the distributable income of the Group.
- (ii) The interim distribution per unit of HK130.08 cents (2023: HK155.51 cents) for the six months ended 30 September 2023 was calculated based on the interim distribution of HK\$3,333 million (2023: HK\$3,277 million) for the period and 2,561,930,575 units (2023: 2,107,497,039 units) in issue as at 30 September 2023. The interim distribution was paid to Unitholders on 29 December 2023.
- (iii) The final distribution per unit of HK132.57 cents (2023: HK118.80 cents) for the year ended 31 March 2024 is calculated based on the final distribution to be paid to the Unitholders of HK\$3,385 million (2023: HK\$3,034 million) for the second half of the financial year and 2,553,845,113 units (2023: 2,553,845,091 units) in issue as at 31 March 2024, without taking into account any change in the number of units in issue subsequent to the approval of the consolidated financial statements. The final distribution will be paid to Unitholders on 13 August 2024.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 HK\$'M	2023 HK\$'M
Assets			
Goodwill		–	387
Investment properties	7	235,979	237,469
Interests in joint ventures	8	2,151	6,769
Property, plant and equipment		1,383	1,463
Financial assets at amortised cost		599	1,188
Deposits and prepayments		162	212
Derivative financial instruments		939	809
Trade and other receivables	9	1,104	2,283
Bank deposits		2,813	3,352
Cash and cash equivalents		7,184	13,987
Total assets		252,314	267,919
Liabilities, excluding net assets attributable to Unitholders			
Deferred tax liabilities		3,926	3,330
Long-term incentive scheme provision		88	115
Other liabilities		3,909	4,164
Borrowings	10	55,223	60,750
Convertible bonds	11	4,036	4,163
Security deposits		2,269	2,141
Derivative financial instruments		1,010	719
Provision for taxation		441	453
Trade payables, receipts in advance and accruals	12	2,970	3,024
Total liabilities, excluding net assets attributable to Unitholders		73,872	78,859
Non-controlling interests		(381)	120
Net assets attributable to Unitholders		178,823	188,940
Units in issue		2,553,845,113	2,553,845,091
Net assets per unit attributable to Unitholders		HK\$70.02	HK\$73.98

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

FOR THE YEAR ENDED 31 MARCH 2024

	Unitholders' equity <i>HK\$'M</i>	Net assets attributable to Unitholders <i>HK\$'M</i>	Non- controlling interests <i>HK\$'M</i>
At 1 April 2023	–	188,940	120
Issuance of units under distribution reinvestment scheme	–	966	–
Units bought back for cancellation	–	(935)	–
Loss for the year ended 31 March 2024, before transactions with Unitholders	–	(1,983)	(480)
Distributions paid to Unitholders			
– 2024 interim distribution	–	(3,333)	–
– 2023 final distribution	–	(3,034)	–
Gain on cash flow hedges	252	–	–
Amount transferred to the consolidated income statement	(421)	–	–
Foreign currency translations	(1,629)	–	(21)
Amount arising from reserve movements	1,798	(1,798)	–
Change in net assets attributable to Unitholders and non-controlling interests for the year ended 31 March 2024, excluding issues of new units and units bought back	–	(10,148)	(501)
At 31 March 2024	–	178,823	(381)
At 1 April 2022	–	162,688	302
Issuance of units under rights issue	–	20,148	–
Issuance of units under distribution reinvestment scheme	–	1,310	–
Units bought back for cancellation	–	(407)	–
Profit for the year ended 31 March 2023, before transactions with Unitholders	–	15,451	(158)
Distributions paid to Unitholders			
– 2023 interim distribution	–	(3,277)	–
– 2022 final distribution	–	(3,083)	–
Nil paid rights issued to Unitholders	–	(1,638)	–
Gain on cash flow hedges	276	–	–
Amount transferred to the consolidated income statement	(130)	–	–
Foreign currency translations	(2,398)	–	(24)
Amount arising from reserve movements	2,252	(2,252)	–
Change in net assets attributable to Unitholders and non-controlling interests for the year ended 31 March 2023, excluding issues of new units and units bought back	–	5,201	(182)
At 31 March 2023	–	188,940	120

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK\$'M	2023 HK\$'M
Operating activities		
Net cash generated from operating activities	8,481	7,641
Investing activities		
Acquisition of assets	(2,667)	(17,371)
Acquisition of a joint venture	–	(3,148)
Additions to investment properties	(977)	(758)
Additions to property, plant and equipment	(85)	(62)
Interest income received	551	125
Proceeds from disposal and maturity of financial assets at amortised cost	569	881
Placement of bank deposits with original maturity of more than three months	(11,975)	(3,258)
Receipt from maturity of bank deposits with original maturity of more than three months	12,678	225
Deposit paid for acquisition of assets	–	(1,200)
Deposit for acquisition of assets received	1,200	–
Increase in restricted bank deposits	–	(151)
Dividend received from joint ventures	197	83
Net cash used in investing activities	(509)	(24,634)
Financing activities		
Proceeds from convertible bonds, net of transaction costs	–	3,269
Proceeds from borrowings, net of transaction costs	6,322	37,189
Proceeds from rights issue	–	18,813
Redemption of convertible bonds	–	(3,213)
Repayment of borrowings	(12,084)	(21,052)
Advances from a joint venture	–	281
Advances from a non-controlling interest	2	23
Interest expenses paid	(2,813)	(1,713)
Settlement of derivative financial instruments	510	130
Payments of lease liabilities	(8)	(3)
Payments of transaction costs for rights issue	(303)	–
Distributions paid to Unitholders	(5,401)	(5,050)
Units bought back for cancellation	(935)	(407)
Net cash (used in)/generated from financing activities	(14,710)	28,267
Net (decrease)/increase in cash and cash equivalents	(6,738)	11,274
Cash and cash equivalents at 1 April	13,987	2,779
Effect on exchange rate changes on cash and cash equivalents	(65)	(66)
Cash and cash equivalents at 31 March	7,184	13,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (**HKFRSs**), the requirements of the Trust Deed and the relevant disclosure requirements as set out in Appendix C of the REIT Code issued by the Securities and Futures Commission of Hong Kong. HKFRSs is a collective term which includes all applicable HKFRSs, Hong Kong Accounting Standards (**HKASs**) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

(b) Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, long-term incentive scheme provision, the derivative component of convertible bonds, investment properties, and non-controlling interest put option obligation, which are stated at fair values.

(c) Adoption of New and Revised Accounting Policies

For the year ended 31 March 2024, the Group has adopted all the new standards and amendments that are currently in issue and effective.

HKAS 1 and HKFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies
HKAS 8 Amendments	Definition of Accounting Estimates
HKAS 12 Amendments	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 Amendments	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 Amendments	Amendments to HKFRS 17

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 Basis of Preparation (Continued)

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

The following amendments and interpretation which have been published but are not yet effective, have not been early adopted in the consolidated financial statements. These are effective for the Group's accounting periods beginning on or after 1 April 2024.

HKAS 1 Amendments	Classification of Liabilities as Current or Non-current ⁽¹⁾
HKAS 1 Amendments	Non-current Liabilities with Covenants ⁽¹⁾
HKAS 7 and HKFRS 7 Amendments	Supplier Finance Arrangements ⁽¹⁾
HKAS 21 Amendments	Lack of Exchangeability ⁽²⁾
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
HKFRS 16 Amendments	Lease Liability in a Sale and Leaseback ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽¹⁾

⁽¹⁾ effective for accounting periods beginning on or after 1 January 2024

⁽²⁾ effective for accounting periods beginning on or after 1 January 2025

⁽³⁾ no mandatory effective date is determined yet but early application is permitted

The Group is in the process of making an assessment of the impact of these amendments and interpretation upon initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Revenue

Revenue recognised during the year comprises:

	2024	2023
	HK\$'M	HK\$'M
Rentals		
– Hong Kong retail and office properties	6,652	6,555
– Hong Kong car parks and related business (<i>Note (i)</i>)	2,470	2,395
– Mainland China retail, office and logistics properties	1,258	1,256
– Overseas retail and office properties	1,343	487
Management fees and air conditioning service fees (<i>Note (ii)</i>)	1,547	1,367
Other revenue (<i>Note (ii)</i>)	308	174
	<hr/>	<hr/>
Total revenue	13,578	12,234
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) Hong Kong car parks and related business includes car park rental income of HK\$2,263 million (2023: HK\$2,188 million) which is recognised over time on a straight line basis over the period of services as the customers simultaneously receive and consume the benefits provided by the Group's performance. There are no separate performance obligations identified for the car park rental income.
- (ii) Management fees and air conditioning service fees and other revenue are recognised over time on a straight line basis over the period of services as the customers simultaneously receive and consume the benefits provided by the Group's performance.

Leases with tenants provide for monthly base rent and recovery of certain outgoings. Additional rents based on business turnover amounted to HK\$191 million (2023: HK\$131 million) and have been included in the rental income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Segment Information

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2024					
Revenue	<u>7,782</u>	<u>2,482</u>	<u>1,572</u>	<u>1,742</u>	<u>13,578</u>
Segment results	5,763	1,967	1,152	1,188	10,070
Change in fair values of investment properties	(5,139)	683	(1,542)	(1,363)	(7,361)
Impairment of goodwill and property, plant and equipment	(234)	(39)	(104)	(81)	(458)
Share of net profits/(losses) of joint ventures	-	-	170	(797)	(627)
Corporate expenses					(766)
Interest income					551
Finance costs					(2,319)
Loss on disposals of financial assets at amortised cost					(5)
Loss before taxation and transactions with Unitholders					(915)
Taxation					(1,548)
Loss for the year, before transactions with Unitholders					<u>(2,463)</u>
Acquisition of investment properties	-	-	7,114	-	7,114
Other capital additions	697	53	296	46	1,092
Depreciation	(40)	-	(2)	(13)	(55)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Segment Information (Continued)

	Hong Kong retail and office properties HK\$'M	Hong Kong car parks and related business HK\$'M	Mainland China retail, office and logistics properties HK\$'M	Overseas retail and office properties HK\$'M	Total HK\$'M
As at 31 March 2024					
Segment assets	134,082	47,614	35,460	21,247	238,403
Interests in a joint venture	-	-	-	2,151	2,151
Unallocated corporate assets					225
Financial assets at amortised cost					599
Derivative financial instruments					939
Bank deposits					2,813
Cash and cash equivalents					7,184
Total assets					<u>252,314</u>
Segment liabilities	2,860	211	1,102	510	4,683
Unallocated corporate liabilities					556
Deferred tax liabilities					3,926
Long-term incentive scheme provision					88
Other liabilities					3,909
Borrowings					55,223
Convertible bonds					4,036
Derivative financial instruments					1,010
Provision for taxation					441
Total liabilities, excluding net assets attributable to Unitholders					<u>73,872</u>
Non-controlling interests					<u>(381)</u>
Net assets attributable to Unitholders					<u><u>178,823</u></u>

For the year ended 31 March 2024, revenue of HK\$1,572 million (2023: HK\$1,545 million) is attributable to external customers from Mainland China, HK\$10,264 million (2023: HK\$10,041 million) is attributable to external customers from Hong Kong, and HK\$1,742 million (2023: HK\$648 million) is attributable to external customers from overseas.

As at 31 March 2024, investment properties, interests in joint ventures, property, plant and equipment, and goodwill amounting to HK\$35,242 million (2023: HK\$34,965 million) are located in Mainland China, HK\$181,145 million (2023: HK\$185,210 million) are located in Hong Kong and HK\$23,126 million (2023: HK\$25,913 million) are located in overseas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Segment Information (Continued)

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2023					
Revenue	<u>7,640</u>	<u>2,401</u>	<u>1,545</u>	<u>648</u>	<u>12,234</u>
Segment results	5,792	1,928	1,088	390	9,198
Change in fair values of investment properties	5,011	6,658	(1,591)	(711)	9,367
Impairment of property, plant and equipment	–	–	–	(50)	(50)
Share of net profits/(losses) of joint ventures	–	–	158	(73)	85
Corporate expenses					(653)
Interest income					106
Finance costs					<u>(1,754)</u>
Profit before taxation and transactions with Unitholders					16,299
Taxation					<u>(1,006)</u>
Profit for the year, before transactions with Unitholders					<u>15,293</u>
Acquisition of investment properties	766	–	764	16,261	17,791
Acquisition of a joint venture	–	–	–	3,480	3,480
Other capital additions	653	62	275	12	1,002
Depreciation	<u>(54)</u>	<u>–</u>	<u>(3)</u>	<u>(5)</u>	<u>(62)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Segment Information (Continued)

	Hong Kong retail and office properties <i>HK\$'M</i>	Hong Kong car parks and related business <i>HK\$'M</i>	Mainland China retail, office and logistics properties <i>HK\$'M</i>	Overseas retail and office properties <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 31 March 2023					
Segment assets	138,958	46,898	31,580	22,940	240,376
Interests in joint ventures	–	–	3,652	3,117	6,769
Unallocated corporate assets					1,438
Financial assets at amortised cost					1,188
Derivative financial instruments					809
Bank deposits					3,352
Cash and cash equivalents					13,987
Total assets					267,919
Segment liabilities	2,954	225	799	447	4,425
Unallocated corporate liabilities					740
Deferred tax liabilities					3,330
Long-term incentive scheme provision					115
Other liabilities					4,164
Borrowings					60,750
Convertible bonds					4,163
Derivative financial instruments					719
Provision for taxation					453
Total liabilities, excluding net assets attributable to Unitholders					78,859
Non-controlling interests					120
Net assets attributable to Unitholders					188,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 (Loss)/Profit Before Taxation and Transactions with Unitholders

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Staff costs	1,113	920
Depreciation of property, plant and equipment	94	94
Trustee's fee	19	17
Valuation fee	4	4
Auditor's remuneration		
Audit fees	17	15
Audit-related assurance services	1	2
Others	4	2
Professional fees capitalised	-	(2)
Bank charges	10	11
Commission to property agents	16	15
Donations	17	18
Exchange gain on financial instruments	(22)	(49)
Short-term lease expenses	-	2
Other legal and professional fees	38	27
	<u>38</u>	<u>27</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year. Income taxes in Mainland China and Overseas have been provided for at the applicable rate on the estimated assessable profit for the year.

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Current taxation		
– Hong Kong	691	804
– Mainland China	179	138
– Overseas	58	44
Deferred taxation	620	20
	<hr/>	<hr/>
Taxation	1,548	1,006
	<hr/> <hr/>	<hr/> <hr/>

The differences between the Group's expected tax charge, using the Hong Kong profits tax rate, and the Group's taxation for the year were as follows:

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
(Loss)/profit before taxation and transactions with Unitholders	(915)	16,299
Share of net losses/(profits) of joint ventures	627	(85)
	<hr/>	<hr/>
	(288)	16,214
	<hr/> <hr/>	<hr/> <hr/>
Expected tax calculated at the Hong Kong profits tax rate of 16.5% (2023: 16.5%)	(48)	2,675
Tax effect of different taxation rates	(127)	(67)
Tax effect of non-deductible expenses	2,019	576
Tax effect of non-taxable income	(236)	(2,021)
Overprovision in previous years	(102)	(158)
Utilisation of previously unrecognised tax loss	(10)	(3)
Withholding tax on unremitted earnings of subsidiaries	52	4
	<hr/>	<hr/>
Taxation	1,548	1,006
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Taxation (Continued)

Global minimum tax

In December 2021, the Organisation for Economic Co-operation and Development (**OECD**) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or **GloBE rules**) for a new global minimum tax reform applicable to multinational enterprise groups with annual revenues of at least EUR750 million. The new Pillar two legislations have been enacted in Australia and the United Kingdom and become effective from 1 January 2024 and 31 December 2023 respectively (and applicable to the Group for the year ending 31 March 2025), while Hong Kong, Mainland China and Singapore have yet to introduce its draft Pillar Two legislation for implementation.

The Group is closely monitoring the progress of the legislative process in each jurisdiction and in the process of assessing its tax exposure. Link REIT, which is the Group's ultimate parent entity and a real estate investment vehicle, is considered as an excluded entity defined under the GloBE rules, therefore majority of the Group should be exempted from the GloBE rules and the global minimum tax. In addition, the local statutory tax rates of tax jurisdictions that the Group has operations are equal to or above the 15% global minimum tax rate. On this basis, the Group's tax exposure due to GloBE rules is not expected to be material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	2024	2023
(Loss)/profit for the year, before transactions with Unitholders attributable to Unitholders for calculating basic (loss)/earnings per unit	(HK\$1,983 million)	HK\$15,451 million
Adjustment for dilutive convertible bonds	<u>–</u>	<u>HK\$80 million</u>
(Loss)/profit for the year, before transactions with Unitholders attributable to Unitholders for calculating diluted (loss)/earnings per unit	<u>(HK\$1,983 million)</u>	<u>HK\$15,531 million</u>
Weighted average number of units for the year for calculating basic (loss)/earnings per unit	2,561,266,590	2,179,285,281
Adjustment for dilutive convertible bonds	<u>–</u>	<u>63,740,297</u>
Weighted average number of units for the year for calculating diluted (loss)/earnings per unit	<u>2,561,266,590</u>	<u>2,243,025,578</u>
Basic (loss)/earnings per unit	<u>(HK\$0.77)</u>	<u>HK\$7.09</u>
Diluted (loss)/earnings per unit	<u>(HK\$0.77)</u>	<u>HK\$6.92</u>

The convertible bonds have an anti-dilutive effect on the basic loss per unit for the year ended 31 March 2024, the diluted loss per unit is equivalent to the basic loss per unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Investment Properties

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

	Completed properties <i>HK\$'M</i>	Property under development <i>HK\$'M</i>	Total <i>HK\$'M</i>
At 1 April 2023	236,741	728	237,469
Exchange adjustments (<i>Note (e)</i>)	(2,239)	–	(2,239)
Acquisition of assets	7,114	–	7,114
Additions	888	108	996
Change in fair values	(7,329)	(32)	(7,361)
At 31 March 2024	235,175	804	235,979
At 1 April 2022	212,761	–	212,761
Exchange adjustments	(3,131)	–	(3,131)
Acquisition of assets	17,025	766	17,791
Additions	951	17	968
Change in fair values	9,422	(55)	9,367
Transfer to property, plant and equipment	(287)	–	(287)
At 31 March 2023	236,741	728	237,469

(b) Valuation Process

The investment properties (including qualified minority-owned properties) were revalued on a market value basis as at 31 March 2023 and 31 March 2024 by Cushman & Wakefield Limited (the **Principal Valuer**), an independent firm of professional qualified valuers and the Principal Valuer of Link REIT.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Investment Properties (Continued)

(c) Valuation Techniques

In valuing the completed properties, the Principal Valuer has primarily used income capitalisation method (***Income Capitalisation Method***) by capitalising the rental income derived from the existing tenancies, if any, with due provision for the potential reversionary income of each constituent portion of the properties at appropriate capitalisation rates. Adjustments have been made to allow for operation expenses, voids and outgoings etc.

The Principal Valuer has relied on Income Capitalisation Method as the primary method to arrive at the market values of the investment properties and made cross reference to market comparables and in addition, for overseas properties where local valuation standards require, discounted cashflow method.

In respect of the property which is under development, the Principal Valuer has valued it on the basis that it will be developed and completed in accordance with the manager's latest development proposals. The Principal Valuer has assumed that approvals for the proposals have been or will be obtained. In arriving at the opinion of value, the Principal Valuer has adopted the residual method and taken into consideration the construction costs incurred and that will be incurred to complete the development. In assessing the development value as if completed, the Principal Valuer has used Income Capitalisation Method by capitalising the market rent at an appropriate capitalisation rate.

The valuation methods are respectively in line with market practice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Investment Properties (Continued)

(c) Valuation Techniques (Continued)

The valuation techniques are summarised in the below table with significant unobservable inputs.

	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Income Capitalisation Method Completed properties	i) Capitalisation rate (Blended): 3.25% – 8.50% (2023: 2.98% – 6.00%)	The higher the capitalisation rate, the lower the fair value.
	ii) Net passing income per annum: HK\$1M – HK\$583M (2023: HK\$1M – HK\$581M)	The higher the net passing income, the higher the fair value.
Residual Method Property under development	i) Estimated gross development value: HK\$1,720M (2023: HK\$1,941M)	The higher the estimated gross development value, the higher the fair value.
	ii) Estimated development costs: HK\$685M (2023: HK\$661M)	The higher the estimated development costs, the lower the fair value.

The investment properties are included in Level 3 (2023: Level 3) of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Investment Properties (Continued)

(c) Valuation Techniques (Continued)

The sensitivity of the fair values of the completed properties to changes in the significant unobservable inputs are as follows:

	Fair value <i>HK\$'M</i>	Capitalisation rate (Blended)		Net passing income per annum	
		+50 basis points <i>HK\$'M</i>	-50 basis points <i>HK\$'M</i>	+5% <i>HK\$'M</i>	-5% <i>HK\$'M</i>
Income Capitalisation Method					
Completed properties					
As at 31 March 2024	<u>235,175</u>	<u>(24,847)</u>	<u>31,479</u>	<u>10,582</u>	<u>(10,596)</u>
As at 31 March 2023	<u>236,741</u>	<u>(26,712)</u>	<u>34,302</u>	<u>11,057</u>	<u>(11,078)</u>

There were no significant inter-relationships between significant unobservable inputs that materially affect fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Investment Properties (Continued)

(d) Restrictions under the REIT Code

Link REIT acquired a 49.9% interest in a trust which owns prime office properties in Australia, a logistics property in Jiaxing, 50% interests in three retail properties in Sydney, a parcel of commercial-use land off Anderson Road for development, two retail properties (Jurong Point and Swing By @ Thomson Plaza) in Singapore, logistics properties in Changshu South, Changshu North and remaining 50% interest in Qibao Vanke Plaza in Shanghai, the completions of which were on 1 June 2022, 29 June 2022, 1 July 2022, 31 August 2022, 31 March 2023, 11 April 2023, 12 May 2023 and 20 February 2024 respectively, and the development of the parcel of commercial-use land off Anderson Road was not yet completed as at 31 March 2024. In accordance with the REIT Code, Link REIT is prohibited from disposing of its properties (held through a special purpose vehicle or joint venture entity) for at least two years from either the time such properties are acquired or the dates of the completion of the development of the properties, unless the Unitholders approve the proposed disposal by way of a special resolution passed in accordance with the Trust Deed.

(e) Exchange Adjustments

The net exchange loss on translation is attributable to the exchange loss on the Group's investment properties in Mainland China, Australia and Singapore amounting to HK\$1,827 million, HK\$194 million and HK\$252 million, respectively, and exchange gain on the Group's investment properties in the United Kingdom amounting to HK\$34 million. These amounts are included in exchange reserve and were partly offset by hedging financial instruments.

(f) Security for the Group's Loan Facilities

As at 31 March 2024, certain of the Group's investment properties in Mainland China, Australia and Singapore, amounting to approximately HK\$9,856 million (2023: HK\$5,414 million), HK\$2,772 million (2023: HK\$3,484 million) and HK\$13,466 million (2023: HK\$13,630 million) respectively, were pledged to secure the Group's loan facilities totalling HK\$9,458 million (2023: HK\$9,892 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8 Interests in Joint Ventures

	2024 HK\$'M	2023 HK\$'M
At 1 April	6,769	3,756
Exchange adjustments	(279)	(469)
Acquisition of a joint venture (Note (ii))	–	3,480
Share of net (losses)/profits	(627)	85
Dividend received	(197)	(83)
Transfer to cost of acquisition of a subsidiary (Note (i))	(3,515)	–
At 31 March	2,151	6,769

Notes:

(i) On 9 February 2024, Link REIT, through a wholly-owned subsidiary, entered into an equity transfer agreement to acquire the remaining 50% issued share capital of 上海莘寶企業管理有限公司 at a cash consideration (before completion adjustments) of RMB2,384 million (equivalent to approximately HK\$2,591 million). Link REIT incurred acquisition-related transaction costs of HK\$5 million. The transaction was completed on 20 February 2024. Upon completion, 上海莘寶企業管理有限公司 became an indirect wholly-owned subsidiary of Link REIT. 上海莘寶企業管理有限公司 owns the Qibao Vanke Plaza located at 5/3 Qiu, 620 Block, Qibao Town, Minhang District, Shanghai.

The acquisition has been accounted for by the Group as acquisition of assets as the entity acquired by the Group do not constitute a business, as such, the carrying amount of the previously owned 50% interests was transferred to the cost of such acquisition of assets and liabilities and was not remeasured at the date of acquisition.

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

Link REIT held the following joint venture as at 31 March 2024:

Name	Place of establishment and kind of legal entity/ place of operations	Principal activities	Particulars of issued share capital/registered capital	Interest held	
				2024	2023
Australia Office Fund Investment I Trust	Australia, trust/Australia	Property holding and leasing	A\$992,609,927	49.9%	49.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8 Interests in Joint Ventures (Continued)

The Group's interests in a joint venture amounting to HK\$2,151 million as at 31 March 2024 (2023: HK\$6,769 million) are accounted for using the equity method in the consolidated financial statements. The manager considers that the interests in the joint venture are not material to the Group.

9 Trade and Other Receivables

	2024 HK\$'M	2023 <i>HK\$'M</i>
Trade receivables	270	276
Less: provision for impairment of trade receivables	(87)	(106)
Trade receivables – net	183	170
Unbilled lease receivables	717	843
Other receivables	204	1,270
	1,104	2,283

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

There are no specific credit terms given to the tenants.

As at 31 March 2023, the other receivables included a deposit for the acquisition of assets of HK\$1,200 million which was refunded and received on 3 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 Trade and Other Receivables (Continued)

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
0–30 days	135	120
31–90 days	48	51
Over 90 days	87	105
	270	276

Monthly rentals are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears. Included in the net trade receivables of HK\$183 million (2023: HK\$170 million) presented above were HK\$16 million (2023: HK\$12 million) of accrued car park income and HK\$31 million (2023: HK\$32 million) of accrued turnover rent, which were not yet due as at 31 March 2024.

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
At 1 April	106	59
Provision for impairment of trade receivables	6	67
Receivables written off during the year as uncollectible	(22)	(18)
Exchange adjustments	(3)	(2)
At 31 March	87	106

The creation and release of provision for impairment of trade receivables have been included in property operating expenses in the consolidated income statement. Amounts charged to the provision account will be written off when there is no expectation of recovering additional cash.

The other classes of receivables included in the trade and other receivables do not contain impaired assets since the expected credit loss of the other receivables is minimal.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Borrowings

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Unsecured bank borrowings	23,600	28,567
Secured bank borrowings	9,458	9,892
Medium term notes	22,165	22,291
	55,223	60,750

The carrying amounts of borrowings are expected to be settled as below:

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Due in the first year		
Unsecured bank borrowings	1,082	4,014
Secured bank borrowings	70	119
Medium term notes	6,795	–
	7,947	4,133
Due in the second year		
Unsecured bank borrowings	7,252	1,513
Secured bank borrowings	1,761	119
Medium term notes	2,193	6,877
	11,206	8,509
Due in the third year		
Unsecured bank borrowings	11,195	5,886
Secured bank borrowings	130	2,479
Medium term notes	5,973	2,208
	17,298	10,573
Due in the fourth year		
Unsecured bank borrowings	4,071	6,507
Secured bank borrowings	309	129
Medium term notes	999	5,956
	5,379	12,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Borrowings (Continued)

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Due in the fifth year		
Unsecured bank borrowings	–	10,647
Secured bank borrowings	6,657	284
Medium term notes	–	998
	6,657	11,929
Due beyond the fifth year		
Secured bank borrowings	531	6,762
Medium term notes	6,205	6,252
	6,736	13,014
	55,223	60,750

Notes:

- (i) After taking into account the cross currency swap contracts, except for borrowings of HK\$23,961 million (2023: HK\$5,807 million), HK\$6,990 million (2023: HK\$7,805 million), HK\$2,044 million (2023: HK\$3,644 million) and HK\$12,920 million (2023: HK\$13,115 million) which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars respectively, all the other borrowings are denominated in Hong Kong Dollars.
- (ii) After taking into account the cross currency swap contracts and interest rate swap contracts, as at 31 March 2024, the Group has fixed rate borrowings of HK\$37,408 million (2023: HK\$39,390 million) and floating rate borrowings of HK\$17,815 million (2023: HK\$21,360 million), the effective interest rate of the borrowings which are denominated in Hong Kong Dollars as at 31 March 2024 was 3.98% (2023: 3.51%) and that of the borrowings which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars was 2.83% (2023: 3.54%), 5.32% (2023: 4.70%), 1.92% (2023: 3.09%) and 4.30% (2023: 4.43%) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11 Convertible Bonds

On 3 April 2019, the Group issued HK\$4.0 billion convertible bonds at 1.60% per annum due 2024. These bonds are convertible into new Link REIT units at an adjusted conversion price of HK\$103.70 per unit at the option of the bondholder. Link REIT has the option to redeem the bonds if the closing price of the units is 130% or above the adjusted conversion price while bondholders have the right to require Link REIT to redeem all or some only of the bonds on 3 April 2022. On 4 April 2022, the Group has, at the option of the bondholders, redeemed and cancelled part of the bonds at an aggregate principal amount of HK\$3.213 billion representing approximately 80.3% of the initial principal amount of the bonds, together with interest accrued up to the date fixed for redemption but unpaid. On 3 April 2024, the Group has repaid the remaining principal amount of the bonds, together with interest accrued upon maturity.

On 12 December 2022, the Group issued HK\$3.3 billion convertible bonds at 4.50% per annum due 2027. These bonds are convertible into new Link REIT units at an adjusted conversion price of HK\$58.77 per unit at the option of the bondholder. Link REIT has the option to redeem the bonds if the closing price of the units is 130% or above the adjusted conversion price while bondholders have the right to require Link REIT to redeem all or some only of the bonds on 12 December 2025.

The convertible bonds are unsecured. As at 31 March 2024, the effective interest rate of the convertible bonds was 4.96% (2023: 4.96%).

	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
Liability component		
At 1 April	3,927	4,031
Issuance of convertible bonds	–	3,120
Finance costs	197	70
Interest expenses paid	(155)	(81)
Redemption	–	(3,213)
	<hr/>	<hr/>
At 31 March	3,969	3,927
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Derivative component		
At 1 April	236	–
Issuance of convertible bonds	–	214
Change in fair value	(169)	22
	<hr/>	<hr/>
At 31 March	67	236
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	4,036	4,163
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 Trade Payables, Receipts in Advance and Accruals

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Trade payables	90	121
Receipts in advance	502	446
Accrued capital expenditure	779	870
Accrued interest	209	165
Accrued transaction costs for rights issue	–	303
Lease liabilities	29	22
Other accruals	1,361	1,097
	2,970	3,024

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
Within one year	2,951	3,009
After one year	19	15
	2,970	3,024

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

	2024 <i>HK\$'M</i>	2023 <i>HK\$'M</i>
0–30 days	57	82
31–90 days	9	13
Over 90 days	24	26
	90	121

Monthly rentals and management fees are payable in advance by tenants in accordance with the leases and recognised in the receipts in advance. The Group normally deliver the services to satisfy the performance obligation and recognise the receipts in advance in the consolidated income statement as revenue within one year or less. The balances brought forward at the beginning of the year of HK\$446 million (2023: HK\$522 million) were fully recognised as revenue in the consolidated income statement during the year.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE AND AUDITOR

The final results and the consolidated financial statements of the Group for the year ended 31 March 2024 have been reviewed by the Audit and Risk Management Committee in conjunction with Link REIT's external auditor, PricewaterhouseCoopers.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in this final results announcement have been agreed by PricewaterhouseCoopers, the external auditor, to the amounts set out in the audited consolidated financial statements for the year ended 31 March 2024 of the Group. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by PricewaterhouseCoopers on this final results announcement.

AMENDMENTS TO THE COMPLIANCE MANUAL

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

With effect from 9 November 2023, the Compliance Manual was updated to reflect the latest organisational structure of Link.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2024, Link REIT and Link complied with the Code on Real Estate Investment Trusts (the **REIT Code**), the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**) (the **Listing Rules**), Link REIT's trust deed (the **Trust Deed**) and, in all material respects, the Compliance Manual. Link REIT and Link also applied the principles and to the extent appropriate, complied with, the code provisions in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the year, save and except code provision B.2.2. Link considers that a rigid application of code provision B.2.2 to our executive directors is not in the best interests of the Unitholders. Business continuity and longevity at the most senior levels of management work for the long-term benefit of Link. Frequent re-shuffles of the executive directorate, absent the anchor of a controlling Unitholder, may promote "short-termism". Any risk of entrenchment in office is counter-balanced by an overwhelming majority of independent non-executive directors (**INED**) on our Board, who have the collective power (and the Unitholders also have the same power under the Trust Deed) to remove a recalcitrant executive director of Link. The corporate governance report for the year ended 31 March 2024 of Link REIT is set out in the Annual Report 2023/2024.

INFORMATION ON SECURITIES OF LINK REIT

Issue of New Units

During the year under review, 24,014,522 new units of Link REIT were issued, comprising (i) 8,085,484 new units issued on 1 August 2023 at an issue price of HK\$43.435 per unit pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2023; and (ii) 15,929,038 new units issued on 29 December 2023 at an issue price of HK\$38.570 per unit pursuant to the distribution reinvestment scheme in respect of the interim distribution for the six months ended 30 September 2023. Based on 2,553,845,113 units in issue as at 31 March 2024, the number of new units issued during the year under review represented approximately 0.94% of the issued units of Link REIT.

Use of Proceeds from the Rights Issue

On 29 March 2023, Link REIT completed the rights issue and issued 425,640,848 rights units to qualifying Unitholders at the subscription price of HK\$44.20 per rights unit on the basis of one (1) rights unit for every five (5) existing units in issue held on the record date (the **Rights Issue**), raising approximately HK\$18.8 billion before expenses (or approximately HK\$18.5 billion after expenses) (the **Net Proceeds**). For details of the Rights Issue, please refer to the announcements dated 10 February and 28 March 2023 and the offering circular dated 7 March 2023 (the **Offering Circular**) issued by Link REIT. The Net Proceeds have and will be used in the same manner as disclosed in the Offering Circular.

The proposed and actual use of the Net Proceeds up to 31 March 2024 are set out below:

	Proposed use of the Net Proceeds as stated in the Offering Circular HK\$'billion	Unutilised Net Proceeds as at 31 March 2023 HK\$'billion	Actual use of the Net Proceeds during the year ended 31 March 2024 HK\$'billion	Unutilised Net Proceeds as at 31 March 2024 HK\$'billion
Repayment of existing bank loans falling due in 2023	7 – 8	4.0	4.0	–
Repayment of revolving facilities maturing beyond 1 January 2024	1 – 2	–	–	–
Pursue future investment opportunities <i>(to be deposited with banks and/or financial institutions on a short-term basis or otherwise used in a manner consistent with Link's treasury management policies and in compliance with the REIT Code while pending deployment)</i>	8.5 – 10.5	9.3	Approximately HK\$3.0 billion was deployed for the acquisition of a 50% stake in Qibao Vanke Plaza in Shanghai and two logistics assets in Changshu South and Changshu North, Jiangsu Province	On 20 May 2024, approximately HK\$43 million was used to fund a further payment for the acquisition of the logistics asset in Changshu North, Jiangsu Province. The remaining approximately HK\$6.3 billion was deposited into banks. Pending future investment or acquisition opportunities, we intend to use the proceeds for additional debt repayment to reduce finance costs
Total	18.5	13.3	7.0	6.3

Purchase, Sale or Redemption of Link REIT's Listed Securities

During the year under review, Link (on behalf of Link REIT) bought back a total of 24,014,500 units on the Hong Kong Stock Exchange for an aggregate consideration (excluding expenses) of approximately HK\$934.88 million. Further details are set out as follows:

Month	Number of units bought back	Purchase price per unit		Approximate aggregate consideration (excluding expenses) HK\$'M
		Highest HK\$	Lowest HK\$	
2024				
January	5,296,000	43.00	40.15	222.55
February	12,097,200	39.25	37.65	465.19
March	6,621,300	38.80	36.25	247.14

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

In addition, a total of 1,463,632 units were purchased on the Hong Kong Stock Exchange for a total consideration of approximately HK\$63 million (excluding expenses) by a third-party intermediary in respect of the long-term incentive scheme of Link pursuant to the terms of the scheme rules.

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

PUBLIC FLOAT

Based on the information publicly available to Link, Link REIT continues to meet the required public float of no less than 25% of its issued units in public hands.

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

Final Distribution

The final distribution of HK132.57 cents per unit for the year ended 31 March 2024 will be paid on Tuesday, 13 August 2024, to those Unitholders whose names appear on the register of Unitholders on Friday, 5 July 2024. For the purpose of ascertaining Unitholders' entitlement to the final distribution, the register of Unitholders will be closed from Tuesday, 2 July 2024 to Friday, 5 July 2024, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to qualify for the final distribution, all transfer documents accompanied by the relevant unit certificates must be lodged with Link REIT's unit registrar, Computershare Hong Kong Investor Services Limited (the **Unit Registrar**), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 28 June 2024.

Distribution Reinvestment Scheme

A distribution reinvestment scheme will be available to eligible Unitholders, who may elect to receive the final distribution for the year ended 31 March 2024, wholly in cash or wholly in new units or a combination of both. An announcement giving further information about this scheme will be published on or around Friday, 5 July 2024, and a circular containing details of this scheme together with the relevant election form or revocation notice will be despatched to Unitholders on or around Friday, 12 July 2024.

Annual General Meeting of Unitholders

The forthcoming annual general meeting of Unitholders will be held on Wednesday, 31 July 2024. Notice convening the meeting will be issued to Unitholders in accordance with the REIT Code, the Listing Rules, the Trust Deed and other applicable requirements.

For the purpose of ascertaining Unitholders' right to attend the forthcoming annual general meeting of Unitholders to be held on Wednesday, 31 July 2024, the register of Unitholders will also be closed from Friday, 26 July 2024 to Wednesday, 31 July 2024, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant unit certificates must be lodged with the Unit Registrar (at the address above) for registration not later than 4:30 p.m. on Thursday, 25 July 2024.

DESPATCH OF ANNUAL REPORT 2023/2024

The Annual Report 2023/2024 of Link REIT will be available on the websites of the Hong Kong Stock Exchange and Link REIT and be despatched to Unitholders on or around Thursday, 20 June 2024.

APPRECIATION

The Board is delighted to welcome Mr Duncan Gareth OWEN, who was appointed as an INED under the designation of Chair Elect and as a member of the finance and investment committee and the nomination committee of Link effective from 1 February 2024. Mr Lincoln LEONG Kwok Kuen (**Mr LEONG**) ceased to act as an INED and a member of the Audit and Risk Management Committee, effective 29 February 2024. The Board would like to thank Mr LEONG for his dedicated service and valued contribution.

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

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

Hong Kong, 29 May 2024

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

Chair (also an Independent Non-Executive Director)

Nicholas Charles ALLEN

Executive Directors

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

NG Kok Siong (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Christopher John BROOKE

Ed CHAN Yiu Cheong

Jenny GU Jialin

Duncan Gareth OWEN

Blair Chilton PICKERELL

Poh Lee TAN

Melissa WU Mao Chin