

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 unaudited interim results of Link REIT and its subsidiaries (the **Group**) for the six months ended 30 September 2024 (**1H FY2024/2025**).

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2024, after review by the audit and risk management committee of Link (the **Audit and Risk Management Committee**), were approved by the Board on 6 November 2024.

OVERALL FINANCIAL RESULTS

Revenue and net property income increased by 6.4% and 5.8% year-on-year to HK\$7,153 million (1H FY2023/2024: HK\$6,725 million) and HK\$5,359 million (1H FY2023/2024: HK\$5,063 million), respectively. The growth was mainly attributable to the full consolidation of Link Plaza Qibao after the acquisition of an additional 50% stake in the asset in February 2024 and improved performance across most of our operating markets. Total distributable amount grew 4.3% to HK\$3,476 million in 1H FY2024/2025 (1H FY2023/2024: HK\$3,333 million). Distribution per unit (**DPU**) for the period increased by 3.7% year-on-year to HK134.89 cents (1H FY2023/2024: HK130.08 cents). Net gearing ratio as at 30 September 2024 was 20.6% (31 March 2024: 19.5%).

As at 30 September 2024, valuation of the investment property portfolio reduced 2.1% as compared to 31 March 2024 to HK\$231,128 million (31 March 2024: HK\$235,979 million). The decline in fair value was mainly due to capitalisation rate expansion for most properties, partly offset by the foreign currency appreciation against Hong Kong Dollar. Link REIT's net assets attributable to the Unitholders declined 3.7% to HK\$172,133 million (31 March 2024: HK\$178,823 million). Net asset value per unit declined 4.6% to HK\$66.80 (31 March 2024: HK\$70.02).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Highlights – China

Hong Kong Portfolio

Link REIT's Hong Kong portfolio comprises 130 assets, characterised by non-discretionary retail spaces, fresh markets and 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 income streams 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.

During the period under review, Hong Kong's economy reported moderate growth, with a gross domestic product growth rate of 1.8%. This gradual economic expansion, however, masked underlying challenges within the retail sector, which faced setbacks due to the ongoing repercussions of evolving buying habits and unfavourable currency trends. Overall retail sales in Hong Kong declined 8.8% year-on-year for the 1H FY2024/2025, with April witnessing the most substantial double-digit decline before stabilising in the subsequent months as the rate of decline slightly narrowed. Non-discretionary retail, which caters to everyday needs, proved to be relatively resilient, experiencing only single-digit declines.

In the face of these challenging market conditions, the Hong Kong portfolio achieved year-on-year growth of 2.2% in total revenue and 2.4% in net property income. This growth was driven by improved retail performance, partially offset by weaker office and car park results. Looking forward, the U.S. interest rate cut and rising employment earnings, supported by a tight labour market, are expected to bolster long-term growth. Additionally, a weakening Hong Kong Dollar is anticipated to moderate outbound spending. Nevertheless, the ongoing effects of changing consumption patterns and the uneven recovery rates of inbound and outbound tourism continue to cast a shadow over local consumption, and this trend is not expected to abate in the near term.

Retail

- As at 30 September 2024, Link REIT's Hong Kong retail portfolio sustained a high occupancy rate of 97.8%, notwithstanding the softer retail sentiment. This is attributable to our proactive strategies in capturing emerging demand, such as pick-up service points, and effective cross-selling brands from the Mainland China portfolio to the Hong Kong market. Moreover, our efforts in nurturing tenants who exhibit growth potential within the portfolio have also contributed to the solid operational performance.
- Thanks to the unwavering dedication of the leasing team, over 300 new leases were signed during the reporting period. The average unit rent was HK\$64.5 per square foot (*psf*) as at 30 September 2024.
- Link REIT's Hong Kong retail portfolio tenant gross sales psf experienced a year-on-year decline of 4.3%, compared to a 8.8% year-on-year decline in the broader Hong Kong market, amid subdued consumption fuelled by a strong Hong Kong Dollar and evolving consumer behaviours. The overall average reversion rate remained in the positive territory of 0.7%, while the rent-to-sales ratio stabilised at 13.1%.
- We remain committed to optimising the value of the portfolio real estate assets amidst evolving market conditions. During 1H FY2024/2025, we completed asset enhancements at Fu Shin and Sau Mau Ping retail, with expenditures of HK\$37 million and HK\$55 million, respectively. These projects are expected to yield estimated returns on investment of 17.2% and 19.9%.
- A capital expenditure of approximately HK\$657 million has been earmarked for projects currently undergoing planning and statutory approval. The asset enhancement projects underway comprise a combined capital expenditure of HK\$75 million, which are expected to complete between the end of 2024 and mid-2025.
- In light of the challenging business landscape, we are optimising revenue streams by adjusting our non-rental ancillary income. Moreover, we plan to boost our marketing income through increased advertising initiatives.
- To adapt to changing consumer preferences, we are actively seeking to attract new operators from the Greater Bay Area, introducing fresh and unique concepts to the portfolio that will resonate with local consumers. These strategies will not only help us navigate the current market challenges but also position us for sustainable growth.

Revenue Breakdown

| | Six months ended 30 September 2024 HK\$'M | Six months ended 30 September 2023 HK\$'M | Year-on-year change % |
|--|---|---|-----------------------------|
| Retail rental: | | | |
| Shops ⁽¹⁾ | 2,545 | 2,518 | 1.1 |
| Markets/Cooked Food Stalls | 540 | 529 | 2.1 |
| Education/Welfare and Ancillary | 74 | 74 | – |
| Mall Merchandising | 90 | 95 | (5.3) |
| Expenses recovery and other miscellaneous revenue⁽²⁾ | 580 | 515 | 12.6 |
| Total retail revenue | 3,829 | 3,731 | 2.6 |

Notes:

- (1) Rental from shops included base rent of HK\$2,507 million (1H FY2023/2024: HK\$2,466 million) and turnover rent of HK\$38 million (1H FY2023/2024: HK\$52 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 30 September 2024 % | As at 31 March 2024 % | Six months ended 30 September 2024 % | Six months ended 30 September 2023 % | As at 30 September 2024 % |
| Shops | 98.1 | 98.4 | 1.5 | 8.1 | 84.0 |
| Markets/Cooked Food Stalls | 96.1 | 95.8 | (5.8) | 11.3 | 9.2 |
| Education/Welfare and Ancillary | 95.8 | 95.8 | 1.5 | 3.2 | 6.8 |
| Total | 97.8 | 98.0 | 0.7 | 8.7 | 100.0 |

Note:

- (1) Total excluding self-use office.

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

(Six months ended 30 September 2024)

| Trade | Tenant retail gross sales growth psf % | Rent-to-sales ratio ⁽¹⁾ % |
|-------------------------------|---|--|
| Food and Beverage | (0.7) | 13.1 |
| Supermarket and Foodstuff | (5.2) | 12.1 |
| General Retail ⁽²⁾ | (6.6) | 14.4 |
| Overall | (4.3) | 13.1 |

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⁾ As at 30 September 2024 HK\$'M | Retail rentals Six months ended 30 September 2024 HK\$'M | Average monthly unit rent ⁽¹⁾ | | Occupancy rate | |
|---------------|----------------------|---|--|---|---------------------------------------|------------------------------------|--------------------------------|
| | | | | As at 30 September 2024 HK\$ psf | As at 31 March 2024 HK\$ psf | As at 30 September 2024 % | As at 31 March 2024 % |
| Destination | 6 | 24,548 | 614 | 77.4 | 78.5 | 96.5 | 97.1 |
| Community | 35 | 67,525 | 1,849 | 72.0 | 71.8 | 98.4 | 98.5 |
| Neighbourhood | 57 | 29,282 | 786 | 47.1 | 46.8 | 97.5 | 97.7 |
| Total | 98 | 121,355 | 3,249 | 64.5 | 64.4 | 97.8 | 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 property under development situated off Anderson Road, Kwun Tong of HK\$825 million.

Trade Mix

(As at 30 September 2024)

| Trade | By monthly rent ⁽¹⁾ % | By leased area % |
|--|-------------------------------------|---------------------|
| Food and Beverage | 28.7 | 29.7 |
| Supermarket and Foodstuff | 21.1 | 17.0 |
| Markets/Cooked Food Stalls | 17.5 | 9.0 |
| Services | 10.3 | 10.5 |
| Personal Care/Medicine | 5.5 | 3.9 |
| 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 30 September 2024)

| | % of total area % | % of monthly rent ⁽¹⁾ % |
|------------------------------|-------------------------|--|
| 2024/2025 | 19.1 | 17.0 |
| 2025/2026 | 27.2 | 30.2 |
| 2026/2027 and Beyond | 46.3 | 46.3 |
| Short-term Lease and Vacancy | 7.4 | 6.5 |
| Total | 100.0 | 100.0 |

Note:

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

Property Development

- In August 2022, Link REIT announced the acquisition of a parcel of land designated for non-office commercial use situated off Anderson Road, Kwun Tong. Link's 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 car park catered to the expanding catchment. The foundation works for this new community commercial asset, which features a gross floor area of about 12,936 square metres, have begun and are progressing as planned towards the 2027 completion target.

Car Parks and Related Business

- The car parks and related business experienced modest growth, primarily driven by higher monthly and hourly rental income. Although the number of tickets sold saw a decline, this was offset by parking tariff increases, resulting in a 1.4% year-on-year revenue increase.
- Monthly car park rental income grew 0.9% year-on-year, while hourly rental income saw a 2.8% growth. Revenue per car park space per month rose by 1.4% year-on-year, reaching HK\$3,383.
- As at 30 September 2024, the average valuation of car park spaces was approximately HK\$748,000, marking an increase of 0.5% compared to HK\$744,000 as at 31 March 2024.
- To boost productivity, we transformed the parking experience for over 56,000 car parking spaces in 121 car parks, which encompass more than 500 lanes across Hong Kong during the reporting period by upgrading our smart parking system. Leveraging AI and cloud technology, we established a highly efficient operational model that optimises parking resource utilisation.
- This innovative approach not only improves operational efficiency but also fosters a deeper understanding of customer behaviour through the insights gained from the new platform, allowing us to deliver better-tailored marketing and services. As a result, these customer-centric solutions will strengthen our competitive advantage in the market, enabling us to attract a larger user base and boost customer loyalty.

Revenue Breakdown

| | Six months ended 30 September 2024 HK\$'M | Six months ended 30 September 2023 HK\$'M | Year-on-year change % |
|---|--|---|-----------------------------|
| Rental income: | | | |
| Monthly car park | 822 | 815 | 0.9 |
| Hourly car park | 325 | 316 | 2.8 |
| Car park related business ⁽¹⁾ | 103 | 103 | – |
| Expense recovery and other miscellaneous revenue | 8 | 7 | 14.3 |
| Total car parks and related business revenue | 1,258 | 1,241 | 1.4 |

Note:

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

Office

- As at 30 September 2024, The Quayside, an office building owned through a joint venture, recorded a high occupancy rate of 99.2%, notwithstanding the prevalent vacancies in Kowloon East office sector.
- Kowloon's Grade A office market has stabilised during the review period, mainly attributable to the expansion of businesses and an increasing demand for premium office spaces. Against this backdrop, the premier office asset is well-positioned to capitalise on this trend. With its attractive location and premium amenities, The Quayside stands out as an ideal destination for businesses.

Property Operating Expenses

- Total property operating expenses for the Hong Kong portfolio grew 1.5% year-on-year. Net property income margin stood at 76.5% (1H FY2023/2024: 76.4%).
- Property managers' fees, security, and cleaning increased by 9.3% year-on-year, mainly due to full-period impact of increase in the minimum wage and contract renewal last year.
- Repair and maintenance and utility expenses reduced 12.5% and 7.4% year-on-year, respectively, mainly due to the absence of last year's one-off repair and maintenance expense necessitated by extreme weather events and the reduction in electricity tariffs. This helped offset some of the increased costs, such as government rent and rates, which grew 4.8% year-on-year.

Property Operating Expenses Breakdown

| | Six months ended 30 September 2024 HK\$'M | Six months ended 30 September 2023 HK\$'M | Year-on-year change % |
|--|--|---|-----------------------------|
| Property managers' fees, security and cleaning | 340 | 311 | 9.3 |
| Staff costs | 231 | 232 | (0.4) |
| Repair and maintenance | 91 | 104 | (12.5) |
| Utilities | 174 | 188 | (7.4) |
| Government rent and rates | 154 | 147 | 4.8 |
| Promotion and marketing expenses | 96 | 95 | 1.1 |
| Estate common area costs | 52 | 49 | 6.1 |
| Provision for impairment of trade receivables | 16 | 10 | 60.0 |
| Other property operating expenses | 74 | 74 | – |
| Total property operating expenses | 1,228 | 1,210 | 1.5 |

Mainland China Portfolio

Link REIT's Mainland China portfolio comprises six retail assets, an office asset and five logistics assets in tier-one cities and the surrounding river delta areas. These assets are strategically located to capitalise on the dense population and extensive economic activities of their local catchments.

During the reporting period, Mainland China experienced lacklustre demand, marked by subdued consumer activity, ongoing deflationary pressures and negative wealth effects. The economic recovery faced numerous challenges, impeding growth and stability. Amid this environment, shoppers became increasingly cautious, further downgrading their consumption habits. Consequently, retail assets that cater to value-driven shoppers seeking affordability have shown greater resilience compared to the rest of the market. On the macroeconomic front, in September and October 2024, the Chinese Central Government announced a series of stimulus measures, which included monetary and property sectors, respectively. These initiatives are expected to provide more support to the economic outlook; however, the extent to which they will boost the overall economy remains uncertain.

Despite facing market headwinds in 1H FY2024/2025, the Mainland China portfolio recorded increases in total revenue and net property income of 39.2% and 37.6%, respectively. The growth was mainly attributable to the full consolidation of Link Plaza Qibao after the acquisition of an additional 50% stake in the asset in February 2024. If excluding this new contribution, revenue and net property income would have grown 6.5% and 4.9% year-on-year, respectively.

Retail

- Chinese consumption has been rather subdued, with retail sales displaying mixed trends and an uneven pace of recovery. While major cities like Shenzhen and Guangzhou have shown signs of growth, Beijing and Shanghai are encountering challenges. Amid weaker consumer sentiment, a negative reversion rate of 3.2% was reported in 1H FY2024/2025, primarily due to the negative rental reversion at Link Plaza Zhongguancun which is undergoing significant tenant remixing and mall repositioning in response to new competition and supply. Excluding Link Plaza Zhongguancun, the portfolio achieved a positive reversion rate of 6.4%. As at 30 September 2024, portfolio occupancy remained robust at 96.4%.

- During the reporting period, the asset enhancement at Link CentralWalk basement was successfully completed and unveiled in July 2024, with a capital expenditure of RMB24 million yielding a return on investment of 43.8%. The renovation enhanced its appeal by introducing 53 new brands in a curated space that features a diverse mix of retail, leisure and entertainment, food and beverages, as well as personal care and services. This has led to increased interest from both local and Hong Kong consumers, solidifying Link CentralWalk's positioning.
- Following the acquisition of an additional 50% stake in Link Plaza Qibao, we began repositioning specific floors within the mall to better capture the spending power of younger consumers. We are undergoing asset enhancement on Levels 4 and 5, involving a capital expenditure of approximately RMB19 million and target to complete by the end of 2024. The redesign prioritised enhancing shop visibility and replacing existing tenants with popular brands favoured by younger audiences. The updated offerings now include a broader range of options, such as fitness and entertainment, fashion and accessories, and a diverse selection of food and beverages.
- In response to the softer retail market sentiment in Beijing, we have undertaken a capital expenditure of approximately RMB6 million to renovate a portion of the basement area at Link Plaza Zhongguancun with a target completion date in late 2024. This initiative involved relocating and downsizing a large-scale tenant, as well as subdividing the space to create a vibrant food street featuring popular F&B brands.
- The asset enhancement pipeline includes a capital expenditure of RMB180 million for projects at Link Plaza Tianhe Phase 2 and Link Plaza Tongzhou. These projects are scheduled for completion in mid-2025.

Office

- The occupancy rate improved from 92.3% as at 31 March 2024 to 94.0% as at 30 September 2024, despite nearly two million square feet of new supply entering the market. Our proactive asset management strategies, including fit-out works on vacant units, have been instrumental in providing enhanced flexibility for our tenants and boosting occupancy levels. However, we are still experiencing pressures on the reversion rate due to intense market competition, with a reported negative reversion rate of 20.9% in 1H FY2024/2025.

Lease Expiry Profile

(As at 30 September 2024)

| | Retail | | Office | |
|----------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| | % of total area % | % of monthly rent ⁽¹⁾ % | % of total area % | % of monthly rent ⁽¹⁾ % |
| 2024/2025 | 12.9 | 18.0 | 13.3 | 16.8 |
| 2025/2026 | 22.2 | 27.9 | 6.9 | 7.7 |
| 2026/2027 and Beyond | 61.3 | 54.1 | 73.8 | 75.5 |
| Vacancy | 3.6 | – | 6.0 | – |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Note:

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

Logistics

- The 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. Of which, we hold a 75% stake in the assets located in Dongguan and Foshan.
- Despite the influx of new facilities in the Yangtze River Delta market, the average occupancy rate of the logistics portfolio stood at 98.2% as at 30 September 2024. This solid occupancy rate was largely driven by robust leasing activity in the Greater Bay Area, particularly the expansion of the e-commerce sector and notable improvements in occupancy at the Changshu North facility.

Operational Highlights – International

Link REIT's international portfolio comprises 12 retail and office assets across Australia, Singapore and the United Kingdom. Revenue increased by 3.0% to HK\$887 million while net property income decreased by 0.5% to HK\$600 million.

The overall performance of international assets was stable. The retail portfolio benefited from favourable ongoing tenant demand which translated into near-full occupancy rates, while the office portfolio underwent leasing and space optimisation.

Australia

- Tenant sales of Link REIT's Australian retail assets have shown sequential monthly increases, with each month surpassing pre-COVID levels; this has sustained through 1H FY2024/2025. Rental remained stable, underpinned by high mall occupancies, which remained firm at 99.1% as at 30 September 2024.
- The increase in overall central business district (**CBD**) activities from office workers and international visitors continues to improve, with the pick-up in tourist and CBD worker footfall. In addition, the opening of the Gadigal train station on Pitt Street, Sydney has improved connectivity into the inner city. The station is within the 3–9 minute-walk radiuses from the assets.
- The leasing strategy continues to focus on enhancing tenant mix and refreshing product offering. New and unique brand offerings are driving performance.

Singapore

- The retail assets Jurong Point and Swing By @ Thomson Plaza performed strongly. This was reflected in solid occupancy rates of 99.8% and continued positive reversion of 18.9% across the portfolio. Shopper traffic has recovered to pre-pandemic levels with steady suburban consumer demand.
- F&B and Beauty & Wellness are among the top trade categories which drove sales performance.
- In terms of leasing demand, Singapore has become a critical hub for overseas retailers and F&B operators, especially for Chinese brands aiming to capture the broader ASEAN market.
- The refinement in tenant mix is ongoing; this includes the introduction of new F&B concepts as well as new-to-market brands. A new anchor fashion and homeware concept from United Arab Emirates, Brands for Less, opened its first flagship store in Singapore on 12 September 2024.

Office

- The international office portfolio's income resilience is underpinned by a relatively long weighted average lease expiry of approximately 4.7 years while overall occupancy was 90.2%. Ongoing leasing success saw 388 George Street, Sydney achieving full occupancy. Leasing outcome continues to be supported with speed-to-market speculative fit-out works which will help with recovery in occupancy rates.
- The Australian office assets are well-poised to capitalise on the persisting flight-to-quality trend in core precincts. Furthermore, the low pipeline supply in Sydney over 2025 and 2026 is a positive buffer to market vacancy rates.
- The Cabot has undergone a refurbishment of common areas to improve the overall tenant experience in the buildings. In general, Canary Wharf has experienced positive leasing momentum. The pick-up in demand, whereby the number of viewings has been gradually increasing since the start of 2024; core markets continue to see increased occupier demand with limited availability, pushing prime rents across both the City and the West End.

Valuation Review

- Cushman & Wakefield Limited (**C&W**), the principal valuer, valued Link REIT's property portfolio (except property under development) as at 30 September 2024 using the income capitalisation method with cross-reference to market comparables, and in addition, for international properties where international valuation standards require the discounted cashflow method. C&W valued a property under development situated off Anderson Road, Kwun Tong, using the residual method. The valuation methods are respectively in line with market practice of property valuation and is in compliance with the Trust Deed and Link's compliance manual.
- As at 30 September 2024, the total value of investment properties declined 2.1% to HK\$231,128 million compared to 31 March 2024, the decline in fair value is mainly due to the capitalisation rate expansion for most properties, which was partly offset by the foreign currency appreciation against Hong Kong Dollar.

- The value of Hong Kong retail properties decreased by 3.4% to HK\$122,180 million compared to 31 March 2024, due to capitalisation rate expansion and downward adjustment of market rent. The value of Hong Kong car parks and related business decreased by 1.0% to HK\$47,073 million, due to capitalisation rate expansion for car services centres. The value of Hong Kong office property decreased by 10.1% to HK\$6,254 million, due to capitalisation rate expansion and more conservative valuation assumptions to reflect weak office demand.
- Properties in Mainland China were valued at HK\$35,039 million (31 March 2024: HK\$35,233 million). The decrease of HK\$194 million in valuation was mainly attributable to capitalisation rate expansion. Excluding the translation differences, the value of the Mainland China properties has gone down by 3.4% 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\$2,855 million (31 March 2024: HK\$2,717 million) and HK\$7,431 million (31 March 2024: HK\$7,729 million), respectively. Excluding the translation differences, the value of retail and office buildings has gone down by 0.2% and 8.6% respectively in Australian Dollar terms. The drop in Australia office valuation is mainly due to the capitalisation rate expansion in office properties.
- The value of the United Kingdom office building was HK\$1,970 million as at 30 September 2024 (31 March 2024: HK\$1,995 million). Excluding the exchange rate impact, the value has gone down by 6.2% due to the capitalisation rate expansion and mark down of market rent.
- Properties in Singapore were valued at HK\$14,165 million (31 March 2024: HK\$13,466 million). Excluding the exchange rate impact, the value has gone up by 0.7% marginally due to the optimism in Singapore retail leasing market.
- 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 30 September 2024 HK\$'M | As at 31 March 2024 HK\$'M | As at 30 September 2024 | As at 31 March 2024 |
| Hong Kong | | | | |
| Retail properties | 122,180 | 126,442 | 3.50% – 4.75% | 3.25% – 4.60% |
| Car parks and related business | 47,073 | 47,559 | 2.80% – 4.90% | 2.70% – 4.90% |
| Office property | 6,254 ⁽¹⁾ | 6,957 ⁽¹⁾ | 3.50% | 3.30% |
| | <u>175,507</u> | <u>180,958</u> | | |
| Mainland China | | | | |
| Retail properties | 27,349 | 27,294 | 4.80% – 5.30% | 4.65% – 5.15% |
| Office property | 5,101 | 5,223 | 5.00% | 4.75% |
| Logistics properties | 2,589 | 2,716 | 5.35% – 5.55% | 5.20% – 5.30% |
| | <u>35,039</u> | <u>35,233</u> | | |
| Australia | | | | |
| Retail properties | 2,855 | 2,717 | 5.25% – 5.50% | 5.25% – 5.50% |
| Office properties | 7,431 ⁽²⁾ | 7,729 ⁽²⁾ | 5.38% – 6.88% | 5.00% – 6.25% |
| | <u>10,286</u> | <u>10,446</u> | | |
| United Kingdom | | | | |
| Office property | 1,970 ⁽³⁾ | 1,995 ⁽³⁾ | 9.00% | 8.50% |
| Singapore | | | | |
| Retail properties | 14,165 | 13,466 | 3.80% – 4.50% | 3.80% – 4.50% |
| | <u>14,165</u> | <u>13,466</u> | | |
| Total valuation | <u>236,967</u> | <u>242,098</u> | | |
| Total valuation of investment properties | <u>231,128⁽⁴⁾</u> | <u>235,979⁽⁴⁾</u> | | |

Notes:

- (1) Represents the office portion only of The Quayside. Includes two floors of The Quayside occupied by Link REIT.
- (2) Includes 49.9% value of the prime office portfolio in Sydney and Melbourne.
- (3) Includes two floors of The Cabot occupied by Link REIT for co-working space business.
- (4) 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.

Capital Management

In the period under review, global markets experienced notable shifts in global monetary policy, with central banks beginning to pivot toward easing cycles in response to softer economic conditions and tamed inflation. The U.S. Federal Reserve initiated its first rate cut since 2020, lowering the target range of Fed Funds Rate by 50 basis points in September 2024, amid growing concerns over labour market weakness and recession risks, echoed by European Central Bank and the Bank of England. In September 2024, the People's Bank of China introduced a stimulus package encompassing interest rate and reserve requirement ratio cuts, to stimulate economic growth and support the housing market.

The dovish market interest rate outlook has contributed to the declining global bond yields, a softer U.S. Dollar, and improved equity market sentiments, particularly in China. However, the Reserve Bank of Australia continued to keep the cash rate target at an elevated level without commencing a long-awaited easing cycle due to inflation remaining above target.

Link is committed to maintaining financial prudence and flexibility. We proactively manage interest rate and currency risks while ensuring a solid balance sheet to capitalise on growth opportunities as they arise. Our disciplined approach to capital management positions us well to navigate the shifting macroeconomic landscape and safeguard long-term Unitholder value.

Disciplined Debt and Interest Rate Management

Link REIT continued to enjoy a solid capital base and liquidity position.

- Total debt (in face value) further reduced to HK\$55.6 billion as at 30 September 2024 after a net repayment of HK\$4.4 billion debt.
- Gross gearing ratio decreased further from 23.5% as at 31 March 2024 to 22.8% as at 30 September 2024.
- Net gearing ratio remained low at 20.6% as at 30 September 2024.
- Ample liquidity maintained at HK\$11.7 billion as at 30 September 2024, comprising HK\$6.5 billion undrawn committed facilities and HK\$5.2 billion cash and bank balances.
- Average all-in borrowing cost for the 1H FY2024/2025 was maintained at a competitive level of 3.69%.
- Debt maturity averaged at 2.9 years and was well staggered over the coming 14 years.
- 66.4% of our debt portfolio was maintained at fixed interest rates as at 30 September 2024, which was strategically adjusted from 69.8% as at 31 March 2024 in response to the shift in the interest rate outlook.

Prudently Managed Foreign Currency Exposure

Throughout the period under review, the turning of monetary policies fuelled the volatile foreign exchange markets. The U.S. Dollar relinquished its might, reflecting an outlook of softening economic growth and accommodative interest rate policies. With the HKD pegged to the USD, this resulted in the strengthening of other currencies against the HKD.

Link has been adopting a prudent foreign currency strategy to minimise our foreign currency exposure and protect against distributable income fluctuation.

- All investment assets outside of Hong Kong (i.e., Mainland China, Australia, Singapore and the United Kingdom portfolios) were substantially hedged through local currency-denominated borrowings, currency swap contracts and foreign currency forward contracts.
- Distributable income from properties located outside of Hong Kong was also substantially hedged into HKD terms on an annual basis through foreign currency forward contracts to mitigate the volatility in distributable income.

Optimise Value for Unitholders

- **Distribution reinvestment scheme:** We continue to provide Unitholders with the option to reinvest in Link REIT's units for scrip distributions. Regarding the final distribution of the year ended 31 March 2024, HK\$732 million of the cash distribution was reinvested, with approximately 22.8 million new units issued at a unit price of HK\$32.09.
- **Unit buyback:** We did not execute any buyback during the period. As one of our tools to add value and return capital to Unitholders, we will conduct unit buybacks as appropriate to stabilise our unit price during market shocks and price dislocations, taking into consideration market conditions and regulatory requirements.
- **Relevant Investments:** For 1H FY2024/2025, a total of HK\$599 million bonds matured and were fully redeemed. There were no more bonds outstanding as at 30 September 2024.

Credit Ratings Supported by Resilient Performance

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

Debt Profile Breakdown

(Face Value as at 30 September 2024)

Debt Mix by Types

| | <i>HK\$ billion</i> | <i>%</i> |
|-------------------|---------------------|---------------|
| Bank Loans | 35.0 | 62.9% |
| Medium Term Notes | 17.3 | 31.2% |
| Convertible Bond | 3.3 | 5.9% |
| Total | 55.6 | 100.0% |

Debt Mix by Fixed/Floating Rates

(After interest rate swap)

| | <i>HK\$ billion</i> | <i>%</i> |
|--------------|---------------------|---------------|
| Fixed | 36.9 | 66.4% |
| Floating | 18.7 | 33.6% |
| Total | 55.6 | 100.0% |

Debt Mix by Years to Maturity

| | <i>HK\$ billion</i> | <i>%</i> |
|-----------------------------|---------------------|---------------|
| Due in 2024/2025 | 2.4 | 4.3% |
| Due in 2025/2026 | 11.6 | 20.9% |
| Due in 2026/2027 | 18.5 | 33.3% |
| Due in 2027/2028 | 15.7 | 28.2% |
| Due in 2028/2029 | 0.1 | 0.2% |
| Due in 2029/2030 and Beyond | 7.3 | 13.1% |
| Total | 55.6 | 100.0% |

Debt Mix by Currencies

(After currency swap)

| | <i>HK\$ billion</i> | <i>%</i> |
|--------------|---------------------|---------------|
| HKD | 2.3 | 4.2% |
| RMB | 30.6 | 55.0% |
| AUD | 7.2 | 12.9% |
| SGD | 13.6 | 24.5% |
| GBP | 1.9 | 3.4% |
| Total | 55.6 | 100.0% |

Corporate Strategy

Why do we need to evolve our corporate strategy?

Link REIT has achieved sustainable distribution growth over almost two decades through a combination of our active management and effective capital recycling efforts to create above-market-average returns. Our success has been supported by tailwinds from a protracted low interest rate environment, low inflation volatility and strong economic conditions in our core markets. Changes in the macro environment mean that these tailwinds have abated and, in some cases, turned into headwinds.

The external environment has become uncertain and challenging and we expect it to remain so in the near future. Interest rates are normalising and are expected to stay high for longer. Ongoing structural changes in the macroeconomy, geopolitics and consumer behaviour will continue to evolve and play out over the longer term.

We have made headway in our efforts to diversify the real estate investment portfolio of Link REIT (**Link REIT Portfolio**) over recent years. However, there remains significant concentration with 89% value in Hong Kong and Mainland China. The current portfolio has demonstrated resilience but the complex macro conditions and uncertainties pose challenges and constrain growth. To manage through these challenges, some of which are outside of our control, we need to continuously evolve Link REIT by pursuing further diversification and growth under the Link 3.0 strategy.

What do we aim to achieve under the Link 3.0 strategy?

Link REIT comprises the interest in two distinct yet complementary businesses: (i) Link and (ii) Link REIT Portfolio. We strive to position Link REIT as a compelling “REIT plus” investment case characterised by both resilient returns against market cyclicality and the capacity to deliver above-average earnings growth. The Link 3.0 strategy serves as the roadmap for the evolution to achieve this objective.

In addition to enhancing the returns from the Link REIT Portfolio, Link as a leading investor and manager with an integrated APAC operating platform has the potential to generate additional growth such that Link REIT can offer more than ordinary REITs.

How are we going to approach Link 3.0?

Our Link 3.0 strategy builds on the capabilities and track record achieved in the transformation journey over almost two decades. Under this strategy, we will further strengthen the Link REIT Portfolio and develop our real estate investment management business under Link.

1. Active management and further diversification of the Link REIT Portfolio

We will continue our active management and diversification approach for the Link REIT Portfolio. This has been central to how we create value and deliver resilient returns for our Unitholders over cycles and even when faced with challenging market conditions.

We continuously search and review potentially accretive investment opportunities across geographies and asset classes for the Link REIT Portfolio. In particular, we see opportunities in Australia, Japan and Singapore, since these markets have relatively low investment risk and abundant liquidity. We are closely following current regional repricing trends and emerging investment thesis. We also continue to evaluate potential asset recycling initiatives.

In the longer term, we aim to further strengthen the portfolio to realise a balanced exposure across key APAC markets, generating attractive risk-adjusted returns for our Unitholders.

2. Expansion of our investment management capabilities

The investment management capabilities under Link has been an indispensable part of Link REIT since its listing in 2005. We have been adopting an active in-house management approach, with full alignment of interests between Link and the Link REIT Portfolio as they are all under Link REIT.

We are continuing to evolve our capabilities in two main areas: (i) asset and property management, manifest by our commitment to operational excellence and (ii) fund management, which covers portfolio and capital decisions and focuses on delivering investment returns.

As we diversify, we aim to expand our capabilities and skillset in our target markets in APAC from deal sourcing to operations on the ground. The Link REIT Portfolio will benefit from the expansion of our investment management capabilities. Leveraging our track record of managing Link REIT, we also aim to work with and provide services for third-party capital partners.

When will the Link 3.0 strategy be accomplished?

This journey will be an evolution rather than a revolution.

We continue to build on our strengths and execute the strategy organically. We will also selectively and prudently evaluate inorganic opportunities that can accelerate the development and growth of the Link REIT Portfolio as well as our investment management capabilities. As the market landscape is shifting rapidly, we stay vigilant, agile and adaptive in order to navigate the risks and seize opportunities ahead.

OUTLOOK

Central banks in most of the developed economies, including the Federal Reserve, have started to cut rates, juggling the delicate balance between controlling inflation and preventing recession, with the pace and breadth of these cuts expected to be gradual and uncertain. Moreover, the implications of the U.S. presidential election will take time to unfold.

On a more positive front, China has introduced easing policies to stimulate growth, reversing previous austerity measures, which are expected to benefit Hong Kong's economy and real estate markets. However, structural changes in the Greater Bay Area are influencing consumer behaviour and prompting retail mall tenants to adapt their strategies.

Meanwhile, in the Asia Pacific, markets show signs of stabilisation with selective rental growth in prime assets. Popular sectors like logistics, living, and data centres are becoming well-priced, leading some investors to explore potential opportunities in traditional asset classes such as retail and office for better risk-adjusted returns.

These future themes reinforce the need to proceed in a cautious and adaptive fashion but opportunities will arise for active investors with differentiated operating platforms such as Link REIT.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

| | Note | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|------|--|--|
| Revenue | 4 | 7,153 | 6,725 |
| Property operating expenses | 6 | (1,794) | (1,662) |
| Net property income | | 5,359 | 5,063 |
| General and administrative expenses | | (441) | (383) |
| Change in fair values of investment properties | 12 | (7,246) | (6,530) |
| Impairment of goodwill | | – | (39) |
| Impairment of property, plant and equipment | 14 | (4) | (63) |
| Interest income | | 172 | 274 |
| Finance costs | 7 | (997) | (1,010) |
| Share of net losses of joint ventures | 13 | (436) | (392) |
| Loss before taxation and transactions with Unitholders | 8 | (3,593) | (3,080) |
| Taxation | 10 | (406) | (570) |
| Loss for the period, before transactions with Unitholders | | (3,999) | (3,650) |
| Distributions paid to Unitholders | | (3,385) | (3,034) |
| | | (7,384) | (6,684) |
| Represented by: | | | |
| Change in net assets attributable to Unitholders, excluding issues of new units | | (7,422) | (8,122) |
| Amount arising from reserve movements | 25 | 353 | 1,714 |
| Non-controlling interests | | (315) | (276) |
| | | (7,384) | (6,684) |
| Loss for the period, before transactions with Unitholders attributable to | | | |
| – Unitholders (<i>Note</i>) | 11 | (3,684) | (3,374) |
| – Non-controlling interests | | (315) | (276) |
| | | (3,999) | (3,650) |

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

| | Before transactions with Unitholders (Unaudited) HK\$'M | Transactions with Unitholders (Note (i)) (Unaudited) HK\$'M | After transactions with Unitholders (Note (ii)) (Unaudited) HK\$'M | Non- controlling interests (Unaudited) HK\$'M | Total (Unaudited) HK\$'M |
|--|--|--|--|---|--------------------------------|
| Six months ended 30 September 2024 | | | | | |
| Loss for the period | (3,684) | 4,037 | 353 | (315) | 38 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to the condensed consolidated income statement | | | | | |
| – Cash flow hedging reserve | (496) | – | (496) | – | (496) |
| – Exchange reserve | 143 | – | 143 | 12 | 155 |
| Total comprehensive loss for the period | <u>(4,037)</u> | <u>4,037</u> | <u>–</u> | <u>(303)</u> | <u>(303)</u> |
| Six months ended 30 September 2023 | | | | | |
| Loss for the period | (3,374) | 5,088 | 1,714 | (276) | 1,438 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to the condensed consolidated income statement | | | | | |
| – Cash flow hedging reserve | 50 | – | 50 | – | 50 |
| – Costs of hedging reserve | 10 | – | 10 | – | 10 |
| – Exchange reserve | (1,774) | – | (1,774) | (23) | (1,797) |
| Total comprehensive loss for the period | <u>(5,088)</u> | <u>5,088</u> | <u>–</u> | <u>(299)</u> | <u>(299)</u> |

Notes:

- (i) Transactions with Unitholders comprise the distributions to Unitholders of HK\$3,385 million (2023: HK\$3,034 million) and change in net assets attributable to Unitholders, excluding issues of new units, which is a decrease of HK\$7,422 million (2023: HK\$8,122 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, are finance costs. Accordingly, the comprehensive income attributable to Unitholders after the transactions with Unitholders is zero.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|--|--|
| Loss for the period, before transactions with Unitholders attributable to Unitholders | (3,684) | (3,374) |
| Adjustments (<i>Note (i)</i>): | | |
| – Change in fair values of investment properties | 7,384 | 6,742 |
| – Impairment of goodwill | – | 39 |
| – Impairment of property, plant and equipment | 4 | 63 |
| – Deferred taxation on change in fair values of investment properties | (98) | (42) |
| – Change in fair values of derivative component of convertible bonds | (9) | (156) |
| – Change in fair values of financial instruments | (82) | (24) |
| – Depreciation and amortisation of real estate and related assets | 15 | 28 |
| – Other non-cash (gains)/losses | (54) | 57 |
| Total Distributable Amount (<i>Note (i)</i>) | 3,476 | 3,333 |
| Interim distribution for the period, to be paid to the Unitholders (<i>Note (ii)</i>) | 3,476 | 3,333 |
| Distribution per unit for the period (<i>Note (ii)</i>) | HK134.89 cents | HK130.08 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 six months ended 30 September 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 HK134.89 cents (2023: HK130.08 cents) for the six months ended 30 September 2024 was calculated based on the interim distribution of HK\$3,476 million (2023: HK\$3,333 million) for the period and 2,576,645,433 units (2023: 2,561,930,575 units) in issue as at 30 September 2024, without taking into account any change in the number of units in issue subsequent to the approval of the condensed consolidated interim financial information. The interim distribution will be paid to Unitholders on 27 December 2024.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

| | | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|--|-------------|---|---|
| | <i>Note</i> | | |
| Assets | | | |
| Investment properties | 12 | 231,128 | 235,979 |
| Interests in a joint venture | 13 | 1,820 | 2,151 |
| Property, plant and equipment | 14 | 1,378 | 1,383 |
| Financial assets at amortised cost | 15 | – | 599 |
| Deposits and prepayments | | 158 | 162 |
| Derivative financial instruments | 22 | 253 | 939 |
| Trade and other receivables | 16 | 1,278 | 1,104 |
| Bank deposits | 17 | 2,462 | 2,813 |
| Cash and cash equivalents | 17 | 2,737 | 7,184 |
| | | <hr/> | <hr/> |
| Total assets | | 241,214 | 252,314 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Liabilities, excluding net assets attributable to Unitholders | | | |
| Deferred tax liabilities | | 3,943 | 3,926 |
| Long-term incentive scheme provision | 18 | 93 | 88 |
| Other liabilities | 19 | 3,926 | 3,909 |
| Borrowings | 20 | 51,694 | 55,223 |
| Convertible bonds | 21 | 3,251 | 4,036 |
| Security deposits | | 2,314 | 2,269 |
| Derivative financial instruments | 22 | 1,496 | 1,010 |
| Provision for taxation | | 539 | 441 |
| Trade payables, receipts in advance and accruals | 23 | 2,509 | 2,970 |
| | | <hr/> | <hr/> |
| Total liabilities, excluding net assets attributable to Unitholders | | 69,765 | 73,872 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Non-controlling interests | | (684) | (381) |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Net assets attributable to Unitholders | | 172,133 | 178,823 |
| | | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |
| Units in issue | 24 | 2,576,645,433 | 2,553,845,113 |
| | | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |
| Net assets per unit attributable to Unitholders | | HK\$66.80 | HK\$70.02 |
| | | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

| | Note | Unitholders' equity (Unaudited) HK\$'M | Net assets attributable to Unitholders (Unaudited) HK\$'M | Non-controlling interests (Unaudited) HK\$'M |
|--|------|---|---|---|
| At 1 April 2024 | | – | 178,823 | (381) |
| Issuance of units under distribution reinvestment scheme | | – | 732 | – |
| Loss for the six months ended 30 September 2024, before transactions with Unitholders | | – | (3,684) | (315) |
| Distributions paid to Unitholders – 2024 final distribution | | – | (3,385) | – |
| Loss on cash flow hedges | 25 | (335) | – | – |
| Amount transferred to the condensed consolidated income statement | 25 | (161) | – | – |
| Foreign currency translations | 25 | 143 | – | 12 |
| Amount arising from reserve movements | 25 | 353 | (353) | – |
| Change in net assets attributable to Unitholders and non-controlling interests for the six months ended 30 September 2024, excluding issues of new units | | – | (7,422) | (303) |
| At 30 September 2024 | | – | 172,133 | (684) |
| At 1 April 2023 | | – | 188,940 | 120 |
| Issuance of units under distribution reinvestment scheme | | – | 351 | – |
| Loss for the six months ended 30 September 2023, before transactions with Unitholders | | – | (3,374) | (276) |
| Distributions paid to Unitholders – 2023 final distribution | | – | (3,034) | – |
| Gain on cash flow hedges | | 263 | – | – |
| Amount transferred to the condensed consolidated income statement | | (213) | – | – |
| Change in fair values of costs of hedging | | 10 | – | – |
| Foreign currency translations | | (1,774) | – | (23) |
| Amount arising from reserve movements | | 1,714 | (1,714) | – |
| Change in net assets attributable to Unitholders and non-controlling interests for the six months ended 30 September 2023, excluding issues of new units | | – | (8,122) | (299) |
| At 30 September 2023 | | – | 181,169 | (179) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

| | Note | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|------|--|--|
| Operating activities | | | |
| Net cash generated from operating activities | | 4,402 | 4,041 |
| Investing activities | | | |
| Acquisition of assets | | (284) | (439) |
| Additions to investment properties | | (538) | (487) |
| Additions to property, plant and equipment | | (31) | (48) |
| Interest income received | | 143 | 280 |
| Proceeds from disposal and maturity of financial assets at amortised cost | | 591 | 194 |
| Placement of bank deposits and restricted bank deposits with original maturity of more than three months | | (3,107) | (7,680) |
| Receipt from maturity of bank deposits and restricted bank deposits with original maturity of more than three months | | 3,460 | 1,208 |
| Deposit for acquisition of assets received | | – | 1,200 |
| Dividend received from a joint venture | | – | 37 |
| Net cash generated from/(used in) investing activities | | 234 | (5,735) |
| Financing activities | | | |
| Proceeds from borrowings, net of transaction costs | | 4,075 | 1,526 |
| Repayment of borrowings | | (8,823) | (6,427) |
| Redemption of convertible bonds | 21 | (787) | – |
| Advances from a non-controlling interest | | – | 2 |
| Interest expenses paid | | (1,110) | (1,379) |
| Settlement of derivative financial instruments | | 152 | 270 |
| Payments of lease liabilities | 14 | (5) | (4) |
| Payments of transaction costs for rights issue | | – | (303) |
| Distributions paid to Unitholders | | (2,653) | (2,683) |
| Net cash used in financing activities | | (9,151) | (8,998) |
| Net decrease in cash and cash equivalents | | (4,515) | (10,692) |
| Cash and cash equivalents at 1 April | 17 | 7,184 | 13,987 |
| Effect on exchange rate changes on cash and cash equivalents | | 68 | (78) |
| Cash and cash equivalents at 30 September | 17 | 2,737 | 3,217 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Corporate Information

Link REIT is a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Link REIT is governed by a Third Amending and Restating Deed entered into on 19 June 2024.

The principal activity of the Group is investing in real estate and may be undertaking property development and related activities in respect of all types of developments. The addresses of the registered offices of the manager, Link Asset Management Limited, and the Trustee, HSBC Institutional Trust Services (Asia) Limited, are 20/F., Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong and 1 Queen's Road Central, Hong Kong, respectively.

2 Basis of Preparation

The condensed consolidated interim financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (**HKAS**) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (**HKICPA**). The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

3 Accounting Policies

The accounting policies adopted are consistent with those set out in the audited consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following amendments and interpretation issued by the HKICPA, which became effective for the six months ended 30 September 2024.

| | |
|--------------------------------------|---|
| HKAS 1 Amendments | Classification of Liabilities as Current or Non-current |
| HKAS 1 Amendments | Non-current Liabilities with Covenants |
| HKAS 7 and HKFRS 7 Amendments | Supplier Finance Arrangements |
| HKFRS 16 Amendments | Lease Liability in a Sale and Leaseback |
| Hong Kong Interpretation 5 (2020) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

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

The following new standards, amendments and amendments to interpretation which have been published but are not yet effective, have not been early adopted in the condensed consolidated interim financial information. These are effective for the Group's accounting periods beginning on or after 1 April 2025.

| | |
|--|--|
| HKAS 21 and HKFRS 1 Amendments | Lack of Exchangeability ⁽¹⁾ |
| HKFRS 9 and HKFRS 7 Amendments | Amendments to Classification and Measurement of Financial Instruments ⁽²⁾ |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ⁽³⁾ |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures ⁽³⁾ |
| HKFRS 10 and HKAS 28 Amendments | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾ |
| Hong Kong Interpretation 5 Amendments | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽³⁾ |

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

⁽²⁾ effective for accounting periods beginning on or after 1 January 2026

⁽³⁾ effective for accounting periods beginning on or after 1 January 2027

⁽⁴⁾ no mandatory effective date is determined yet but early application is permitted

The Group is in the process of making an assessment of the impact of these new and revised Hong Kong Financial Reporting Standards (**HKFRSs**) upon initial application.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

4 Revenue

Revenue recognised during the period comprises:

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|--|--|
| Rentals | | |
| – Hong Kong retail and office properties | 3,359 | 3,332 |
| – Hong Kong car parks and related business (<i>Note (i)</i>) | 1,250 | 1,234 |
| – Mainland China retail, office and logistics properties | 816 | 594 |
| – Overseas retail and office properties | 686 | 673 |
| Management fees and air conditioning service fees (<i>Note (ii)</i>) | 868 | 758 |
| Other revenue (<i>Note (ii)</i>) | 174 | 134 |
| | <hr/> | <hr/> |
| Total revenue | <u>7,153</u> | <u>6,725</u> |

Notes:

- (i) Hong Kong car parks and related business includes car park rental income of HK\$1,147 million (2023: HK\$1,131 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\$91 million (2023: HK\$93 million) and have been included in the rental income.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 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 six months ended | | | | | |
| 30 September 2024 (Unaudited) | | | | | |
| Revenue | <u>3,975</u> | <u>1,258</u> | <u>1,033</u> | <u>887</u> | <u>7,153</u> |
| Segment results | 3,015 | 990 | 754 | 600 | 5,359 |
| Change in fair values of investment properties | (5,133) | (516) | (1,302) | (295) | (7,246) |
| Impairment of property, plant and equipment | - | - | - | (4) | (4) |
| Share of net loss of a joint venture | - | - | - | (436) | (436) |
| Corporate expenses | | | | | (441) |
| Interest income | | | | | 172 |
| Finance costs | | | | | <u>(997)</u> |
| Loss before taxation and transactions with Unitholders | | | | | (3,593) |
| Taxation | | | | | <u>(406)</u> |
| Loss for the period, before transactions with Unitholders | | | | | <u>(3,999)</u> |
| Other capital additions | 298 | 30 | 95 | 8 | 431 |
| Depreciation | <u>(33)</u> | <u>-</u> | <u>(2)</u> | <u>(6)</u> | <u>(41)</u> |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 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 30 September 2024 (Unaudited) | | | | | |
| Segment assets | 129,200 | 47,134 | 35,281 | 21,999 | 233,614 |
| Interests in a joint venture | – | – | – | 1,820 | 1,820 |
| Unallocated corporate assets | | | | | 328 |
| Derivative financial instruments | | | | | 253 |
| Bank deposits | | | | | 2,462 |
| Cash and cash equivalents | | | | | 2,737 |
| Total assets | | | | | 241,214 |
| Segment liabilities | 2,463 | 224 | 1,089 | 601 | 4,377 |
| Unallocated corporate liabilities | | | | | 446 |
| Deferred tax liabilities | | | | | 3,943 |
| Long-term incentive scheme provision | | | | | 93 |
| Other liabilities | | | | | 3,926 |
| Borrowings | | | | | 51,694 |
| Convertible bonds | | | | | 3,251 |
| Derivative financial instruments | | | | | 1,496 |
| Provision for taxation | | | | | 539 |
| Total liabilities, excluding net assets attributable to Unitholders | | | | | 69,765 |
| Non-controlling interests | | | | | (684) |
| Net assets attributable to Unitholders | | | | | 172,133 |

For the six months ended 30 September 2024, revenue of HK\$1,033 million (2023: HK\$742 million) is attributable to external customers from Mainland China, HK\$5,233 million (2023: HK\$5,122 million) is attributable to external customers from Hong Kong, and HK\$887 million (2023: HK\$861 million) is attributable to external customers from overseas.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 Segment Information (Continued)

As at 30 September 2024, investment properties, interests in a joint venture and property, plant and equipment amounting to HK\$35,049 million (31 March 2024: HK\$35,242 million) are located in Mainland China, HK\$175,794 million (31 March 2024: HK\$181,145 million) are located in Hong Kong, and HK\$23,483 million (31 March 2024: HK\$23,126 million) are located in overseas.

| | 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 six months ended 30 September 2023 (Unaudited) | | | | | |
| Revenue | <u>3,881</u> | <u>1,241</u> | <u>742</u> | <u>861</u> | <u>6,725</u> |
| Segment results | 2,916 | 996 | 548 | 603 | 5,063 |
| Change in fair values of investment properties | (4,172) | 601 | (2,118) | (841) | (6,530) |
| Impairment of goodwill | – | – | (39) | – | (39) |
| Impairment of property, plant and equipment | – | – | – | (63) | (63) |
| Share of net profits/(losses) of joint ventures | – | – | 115 | (507) | (392) |
| Corporate expenses | | | | | (383) |
| Interest income | | | | | 274 |
| Finance costs | | | | | <u>(1,010)</u> |
| Loss before taxation and transactions with Unitholders | | | | | (3,080) |
| Taxation | | | | | <u>(570)</u> |
| Loss for the period, before transactions with Unitholders | | | | | <u>(3,650)</u> |
| Acquisition of investment properties | – | – | 523 | – | 523 |
| Other capital additions | 112 | 24 | 103 | 40 | 279 |
| Depreciation | <u>(25)</u> | <u>–</u> | <u>(2)</u> | <u>(6)</u> | <u>(33)</u> |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

5 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 2024 (Audited) | | | | | |
| 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 |
| | | | | | <hr/> |
| Total assets | | | | | 252,314 |
| | | | | | <hr/> |
| 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 |
| | | | | | <hr/> |
| Total liabilities, excluding net assets attributable to Unitholders | | | | | 73,872 |
| | | | | | <hr/> |
| Non-controlling interests | | | | | (381) |
| | | | | | <hr/> |
| Net assets attributable to Unitholders | | | | | 178,823 |
| | | | | | <hr/> <hr/> |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

6 Property Operating Expenses

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|--|--|
| Property managers' fees, security and cleaning | 479 | 422 |
| Staff costs | 329 | 319 |
| Repair and maintenance | 123 | 136 |
| Utilities | 231 | 224 |
| Government rent and rates | 182 | 169 |
| Promotion and marketing expenses | 123 | 116 |
| Estate common area costs | 69 | 65 |
| Real estate taxes and land use taxes | 121 | 105 |
| Provision/(reversal of provision) for impairment of trade receivables | 9 | (17) |
| Other property operating expenses | 128 | 123 |
| | 1,794 | 1,662 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

7 Finance Costs

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|--|--|
| Interest expenses on borrowings (<i>Note (i)</i>) | 974 | 930 |
| Interest expenses on convertible bonds (<i>Note 21</i>) | 93 | 99 |
| Other borrowing costs (<i>Note (ii)</i>) | (28) | 156 |
| | 1,039 | 1,185 |
| Less: capitalised under investment properties (<i>Note (iii)</i>) | (33) | (19) |
| | 1,006 | 1,166 |
| Change in fair values of derivative component of convertible bonds (<i>Note 21</i>) | (9) | (156) |
| | 997 | 1,010 |

Notes:

- (i) Interest expenses on borrowings are stated after taking into account gains or losses on derivative financial instruments designated as cash flow hedges.
- (ii) Other borrowing costs mainly include HK\$74 million (2023: HK\$63 million) interest expenses to a non-controlling interest, HK\$118 million net gains (2023: HK\$27 million net losses) on derivative financial instruments, HK\$37 million net gains (2023: Nil) on hedge ineffectiveness and various banking and financing charges.
- (iii) Interest expenses which are directly attributable to certain property under development and asset enhancements have been capitalised under investment properties at an average interest rate of 4.2% (2023: 3.6%) per annum.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

8 Loss Before Taxation and Transactions with Unitholders

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

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|---|--|--|
| Staff costs (<i>Note 9</i>) | 568 | 551 |
| Depreciation of property, plant and equipment | 41 | 49 |
| Trustee's fee | 10 | 10 |
| Valuation fee | 2 | 2 |
| Auditor's remuneration | | |
| Audit fees | 2 | 2 |
| Others | 1 | – |
| Bank charges | 4 | 6 |
| Commission to property agents | 8 | 6 |
| Donations | 18 | 18 |
| Exchange loss/(gain) on financial instruments | 20 | (4) |
| Short-term lease expenses | – | 1 |
| Other legal and professional fees | 58 | 15 |
| | <u>58</u> | <u>15</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

9 Staff Costs

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|--|--|--|
| Salaries and benefits in kind | 525 | 533 |
| Contributions to defined contribution plans (<i>Note (i)</i>) | 26 | 27 |
| Long-term incentive scheme awards | 53 | 28 |
| | 604 | 588 |
| Less: capitalised under investment properties (<i>Note (ii)</i>) | (36) | (37) |
| Staff costs (<i>Note 8</i>) | 568 | 551 |

Notes:

- (i) Contributions to defined contribution plans (including the Mandatory Provident Fund in Hong Kong, employee pension schemes established by municipal government in The People's Republic of China, and Central Provident Fund in Singapore) are expensed as incurred. A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity. The Group has no further payment obligations under the defined contribution plans once the contributions have been paid.
- (ii) Staff costs which are directly attributable to certain property under development and asset enhancements have been capitalised under investment properties.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

10 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 period. Income taxes in Mainland China and overseas have been provided for at the applicable rate on the estimated assessable profit for the period.

The amount of taxation charged/(credited) to the condensed consolidated income statement represents:

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|-------------------|--|--|
| Current taxation | | |
| – Hong Kong | 361 | 389 |
| – Mainland China | 123 | 72 |
| – Overseas | 23 | 30 |
| Deferred taxation | (101) | 79 |
| Taxation | 406 | 570 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

11 Loss Per Unit Based Upon Loss for the Period, Before Transactions with Unitholders Attributable to Unitholders

| | Six months ended 30 September 2024 (Unaudited) | Six months ended 30 September 2023 (Unaudited) |
|---|---|---|
| Loss for the period, before transactions with Unitholders attributable to Unitholders | <u>(HK\$3,684 million)</u> | <u>(HK\$3,374 million)</u> |
| Weighted average number of units for the period for calculating basic and diluted loss per unit | <u>2,559,858,384</u> | <u>2,540,413,467</u> |
| Basic and diluted loss per unit | <u>(HK\$1.44)</u> | <u>(HK\$1.33)</u> |

As the convertible bonds have anti-dilutive effects on the basic loss per unit for the six months ended 30 September 2024 and 30 September 2023, the diluted loss per unit is equivalent to the basic loss per unit.

12 Investment Properties

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

| | Completed properties (Unaudited) HK\$'M | Property under development (Unaudited) HK\$'M | Total (Unaudited) HK\$'M |
|---------------------------------|--|--|---|
| At 1 April 2024 | 235,175 | 804 | 235,979 |
| Exchange adjustments (Note (e)) | 1,993 | – | 1,993 |
| Additions | 316 | 86 | 402 |
| Change in fair values | (7,181) | (65) | (7,246) |
| At 30 September 2024 | <u>230,303</u> | <u>825</u> | <u>231,128</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

12 Investment Properties (Continued)

(b) Valuation Process

The investment properties (including qualified minority-owned properties) were revalued on a market value basis as at 31 March and 30 September 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 of the significant inputs, valuation processes and results at each reporting date with the Principal Valuer.

(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, 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.

The investment properties are included in Level 3 (31 March 2024: Level 3) of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

12 Investment Properties (Continued)

(d) Restriction under the REIT Code

Link REIT acquired 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 Link Plaza Qibao in Shanghai, the completions of which were on 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 30 September 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 exchange gain on translation is attributable to the Group's investment properties in Mainland China, Australia, the United Kingdom and Singapore amounting to HK\$1,016 million, HK\$277 million, HK\$93 million and HK\$607 million, respectively. These amounts are included in exchange reserve and were partly offset by hedging financial instruments.

(f) Security for the Group's Loan Facilities

As at 30 September 2024, certain of the Group's investment properties in Mainland China, Australia and Singapore, amounting to approximately HK\$9,895 million (31 March 2024: HK\$9,856 million), HK\$2,653 million (31 March 2024: HK\$2,772 million) and HK\$14,165 million (31 March 2024: HK\$13,466 million) respectively, were pledged to secure the Group's secured bank borrowings (Note 20).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

13 Interests in a Joint Venture

Details of the movements of interests in a joint venture are as follows:

| | Carrying value (Unaudited) HK\$'M |
|-----------------------------|--|
| At 1 April 2024 | 2,151 |
| Exchange adjustments | 105 |
| Share of net loss | (436) |
| | <hr/> |
| At 30 September 2024 | 1,820 |
| | <hr/> <hr/> |

The Group's interests in a joint venture amounting to HK\$1,820 million as at 30 September 2024 (31 March 2024: HK\$2,151 million) are accounted for using the equity method in the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

14 Property, Plant and Equipment

| | Land, building and leasehold improvements (Unaudited) <i>HK\$'M</i> | Motor vehicles (Unaudited) <i>HK\$'M</i> | Equipment (Unaudited) <i>HK\$'M</i> | Total (Unaudited) <i>HK\$'M</i> |
|--|---|---|---|---------------------------------------|
| At 1 April 2024 | 1,266 | 2 | 115 | 1,383 |
| Exchange adjustments | 8 | – | 1 | 9 |
| Additions | 2 | 8 | 21 | 31 |
| Depreciation charge for the period | (22) | – | (19) | (41) |
| Impairment | (4) | – | – | (4) |
| At 30 September 2024 | <u>1,250</u> | <u>10</u> | <u>118</u> | <u>1,378</u> |
| At 30 September 2024 | | | | |
| Cost | 1,696 | 14 | 294 | 2,004 |
| Accumulated depreciation and impairment | (446) | (4) | (176) | (626) |
| Net book value | <u>1,250</u> | <u>10</u> | <u>118</u> | <u>1,378</u> |

Included in the land, building and leasehold improvements are the following assets leased by the Group for own use:

| | 30 September 2024 (Unaudited) <i>HK\$'M</i> | 31 March 2024 (Audited) <i>HK\$'M</i> |
|-------------------------------|--|--|
| Properties leased for own use | <u>22</u> | <u>26</u> |

There was no additions to the right-of-use assets during the period (2023: HK\$14 million).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

14 Property, Plant and Equipment (Continued)

Amount recognised in the condensed consolidated income statement during the period:

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|---------------------|--|--|
| Depreciation charge | <u>4</u> | <u>2</u> |

The total cash outflow for leases during the period was HK\$5 million (2023: HK\$4 million).

15 Financial Assets at Amortised Cost

Financial assets at amortised cost include the following debt investments:

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|--------------------------|---|---|
| Listed corporate bonds | – | 569 |
| Unlisted corporate bonds | – | 30 |
| | <u>–</u> | <u>599</u> |

During the period, all financial assets at amortised cost were matured and the Group has interest income arising from financial assets at amortised cost amounted to HK\$4 million (2023: HK\$19 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

16 Trade and Other Receivables

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|---|---|---|
| Trade receivables | 294 | 270 |
| Less: provision for impairment of trade receivables | (90) | (87) |
| Trade receivables – net | 204 | 183 |
| Unbilled lease receivables | 728 | 717 |
| Other receivables | 346 | 204 |
| | <u>1,278</u> | <u>1,104</u> |

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

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.

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

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|--------------|---|---|
| 0–30 days | 148 | 135 |
| 31–90 days | 41 | 48 |
| Over 90 days | 105 | 87 |
| | <u>294</u> | <u>270</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

17 Cash and Cash Equivalents and Bank Deposits

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|---|---|---|
| Cash and cash equivalents | | |
| Cash at bank | 1,932 | 2,449 |
| Bank deposits with original maturity of less than three months | 657 | 4,735 |
| Restricted bank deposits with original maturity of less than three months | 148 | – |
| | <u>2,737</u> | <u>7,184</u> |
| Bank deposits | | |
| Bank deposits with original maturity of more than three months | 2,249 | 2,498 |
| Restricted bank deposits with original maturity of more than three months | 213 | 315 |
| | <u>2,462</u> | <u>2,813</u> |

The restricted bank deposits represent rental income received from certain properties and the usage of which is restricted for settlement of property expenses, interest payment and principal repayment of the corresponding secured bank borrowings.

The carrying amounts of cash and cash equivalents and bank deposits are expected to be recovered within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

18 Long-term Incentive Scheme Provision

The movement of long-term incentive scheme provision during the period is as follows:

| | Carrying value (Unaudited) HK\$'M |
|------------------------------------|--|
| At 1 April 2024 | 88 |
| Vested during the period | 57 |
| Lapsed/cancelled during the period | (4) |
| Settlement | (48) |
| | <hr/> |
| At 30 September 2024 | 93 |
| | <hr/> <hr/> |

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

During the period, certain directors and employees of the manager were granted restricted unit awards and conditional cash awards at nil monetary consideration under the 2017 LTI Scheme. The restricted unit awards granted under the 2017 LTI Scheme, in general, will vest approximately two to three years from the date of grant. Under the 2017 LTI Scheme, units will be purchased in the grantees' favour from open stock market to satisfy restricted units awards vested. For those restricted unit awards granted with performance goals, the eventual number of units to be purchased in each grantee's favour upon vesting are linked to the performance of Link REIT based on the total Unitholders return, net property income or certain vesting conditions. Conditional cash awards were also granted in conjunction with the restricted unit awards, bestowing upon each grantee a conditional right to receive a cash payment representing an amount equivalent to the aggregate of the distributions during the vesting period, catch-up adjustments and ex-gratia payments pursuant to the 2017 LTI Scheme, if applicable.

During the period, the Group purchased 1,222,668 units (2023: 1,423,100 units) from the market for restricted units awards which have vested in accordance with the 2017 LTI Scheme.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

18 Long-term Incentive Scheme Provision (Continued)

The carrying amount of long-term incentive scheme provision is expected to be settled as below:

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|-----------------|---|---|
| Within one year | 55 | 45 |
| After one year | 38 | 43 |
| | <u>93</u> | <u>88</u> |

19 Other Liabilities

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|--|---|---|
| Amount due to a non-controlling interest | <u>3,926</u> | <u>3,909</u> |

Note: On 23 February 2015, the Group, through a non-wholly owned subsidiary (the **Project Company**, in which Link REIT has an indirect 60% interest and Nan Fung Development Limited (**Nan Fung**) has an indirect 40% interest), acquired 77 Hoi Bun Road in Kowloon East for commercial development. For the purpose of funding the commercial development, Nan Fung, a non-controlling interest of the Project Company, has contributed cash in proportion to the shareholding ratio of the Project Company. The amount due to a non-controlling interest is unsecured, interest bearing at an effective interest rate of 4.2% (31 March 2024: 3.5%), and has no fixed repayment term. Such amount including any accrued interest will be repaid from the Project Company's surplus cash after meeting its payment obligations.

Pursuant to the shareholders' agreement, Nan Fung has a right to exercise a put option to require Link REIT to purchase all the issued shares Nan Fung holds in the Project Company at the then fair market value after the second anniversary of the issuance of the Certificate of Compliance for the commercial property development and certain conditions have been satisfied. The non-controlling interest put option obligation was recognised as a financial liability and measured by reference to a number of unobservable inputs, including the estimated fair value of the equity interests of the Project Company at the expected time of exercise of the put option and the expected time of exercise itself. As at 30 September 2024, the fair value of non-controlling interest put option obligation amounted to HK\$Nil (31 March 2024: Nil). Fair value of the put option obligation is included in Level 3 (31 March 2024: Level 3) of the fair value hierarchy. If the estimated fair value of the equity interests of the Project Company at the time of exercise is higher, the fair value of the put option obligation would also be higher.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

20 Borrowings

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|---------------------------|---|---|
| Unsecured bank borrowings | 25,231 | 23,600 |
| Secured bank borrowings | 9,669 | 9,458 |
| Medium term notes | 16,794 | 22,165 |
| | <u>51,694</u> | <u>55,223</u> |

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

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|-------------------------------|---|---|
| Due in the first year | | |
| Unsecured bank borrowings | 3,335 | 1,082 |
| Secured bank borrowings | 1,669 | 70 |
| Medium term notes | 2,264 | 6,795 |
| | <u>7,268</u> | <u>7,947</u> |
| Due in the second year | | |
| Unsecured bank borrowings | 6,958 | 7,252 |
| Secured bank borrowings | 108 | 1,761 |
| Medium term notes | 5,922 | 2,193 |
| | <u>12,988</u> | <u>11,206</u> |
| Due in the third year | | |
| Unsecured bank borrowings | 13,867 | 11,195 |
| Secured bank borrowings | 287 | 130 |
| Medium term notes | 1,795 | 5,973 |
| | <u>15,949</u> | <u>17,298</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

20 Borrowings (Continued)

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|----------------------------------|---|---|
| Due in the fourth year | | |
| Unsecured bank borrowings | 1,071 | 4,071 |
| Secured bank borrowings | 6,999 | 309 |
| Medium term notes | 499 | 999 |
| | <u>8,569</u> | <u>5,379</u> |
| Due in the fifth year | | |
| Secured bank borrowings | 118 | 6,657 |
| | <u>118</u> | <u>6,657</u> |
| Due beyond the fifth year | | |
| Secured bank borrowings | 488 | 531 |
| Medium term notes | 6,314 | 6,205 |
| | <u>6,802</u> | <u>6,736</u> |
| | <u>51,694</u> | <u>55,223</u> |

Notes:

- (i) After taking into account the cross currency swap contracts, as at 30 September 2024, except for borrowings of HK\$30,542 million (31 March 2024: HK\$23,961 million), HK\$7,173 million (31 March 2024: HK\$6,990 million), HK\$1,908 million (31 March 2024: HK\$2,044 million) and HK\$13,509 million (31 March 2024: HK\$12,920 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 30 September 2024, the Group has fixed rate borrowings of HK\$33,668 million (31 March 2024: HK\$37,408 million) and floating rate borrowings of HK\$18,026 million (31 March 2024: HK\$17,815 million), the effective interest rate of the borrowings which are denominated in Hong Kong Dollars was 4.17% (31 March 2024: 3.98%) and that of the borrowings which are denominated in Renminbi, Australian Dollars, British Pound Sterling and Singapore Dollars was 2.94% (31 March 2024: 2.83%), 5.35% (31 March 2024: 5.32%), 1.59% (31 March 2024: 1.92%) and 4.24% (31 March 2024: 4.30%) respectively.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

21 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, 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 redeemed 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 30 September 2024, the effective interest rate of the convertible bonds was 5.77% (31 March 2024: 4.96%).

| | Carrying value (Unaudited) HK\$'M |
|--|--|
| Liability component | |
| At 1 April 2024 | 3,969 |
| Finance costs (<i>Note 7</i>) | 93 |
| Interest expenses paid | (82) |
| Redemption | (787) |
| | <hr/> |
| At 30 September 2024 | 3,193 |
| | <hr style="border-top: 1px dashed black;"/> |
| Derivative component | |
| At 1 April 2024 | 67 |
| Change in fair value (<i>Note 7</i>) | (9) |
| | <hr/> |
| At 30 September 2024 | 58 |
| | <hr style="border-top: 1px dashed black;"/> |
| | <hr style="border-top: 3px double black;"/> |
| | 3,251 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

22 Derivative Financial Instruments

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|---------------------------------------|---|---|
| Derivative assets | | |
| Designated as cash flow hedge | | |
| – cross currency swap contracts | 88 | 225 |
| – interest rate swap contracts | 107 | 263 |
| Designated as fair value hedge | | |
| – cross currency swap contracts | – | 13 |
| Designated as net investment hedge | | |
| – cross currency swap contracts | 58 | 433 |
| Not designated as hedging instruments | | |
| – forward foreign exchange contracts | – | 5 |
| | 253 | 939 |
| Derivative liabilities | | |
| Designated as cash flow hedge | | |
| – cross currency swap contracts | 30 | – |
| – interest rate swap contracts | (340) | (107) |
| Designated as fair value hedge | | |
| – cross currency swap contracts | (493) | (676) |
| – interest rate swap contracts | (8) | (17) |
| Designated as net investment hedge | | |
| – cross currency swap contracts | (667) | (206) |
| – forward foreign exchange contracts | (8) | (4) |
| Not designated as hedging instruments | | |
| – forward foreign exchange contracts | (10) | – |
| | (1,496) | (1,010) |
| Net derivative liabilities | (1,243) | (71) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

22 Derivative Financial Instruments (Continued)

Notes:

- (i) The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2 of the fair value hierarchy.
- (ii) The fair values of cross currency swap contracts and interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable yield curves and forward exchange rates at each reporting date. The fair values of forward foreign exchange contracts are determined using forward exchange market rates at each reporting date. Cross currency swap contracts, interest rate swap contracts and forward foreign exchange contracts are included in Level 2 (31 March 2024: Level 2) of the fair value hierarchy.

The carrying amounts of net derivative liabilities are expected to be settled as below:

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|-----------------|---|---|
| Within one year | (122) | 47 |
| After one year | <u>(1,121)</u> | <u>(118)</u> |
| | <u>(1,243)</u> | <u>(71)</u> |

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments such as cross currency swap contracts, interest rate swap contracts and forward foreign exchange contracts to manage financial risks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

22 Derivative Financial Instruments (Continued)

As at 30 September 2024, the derivative financial instruments qualifying as cash flow hedges have, in effect, provided the Group with an average fixed interest rate period of 2.85 years on HK\$21,557 million borrowings (31 March 2024: 3.20 years on HK\$21,727 million borrowings) from the reporting date. The notional amount and the weighted average fixed interest rate of the outstanding derivative financial instruments as at 30 September 2024 were HK\$21,557 million (31 March 2024: HK\$21,727 million) and 2.86% (31 March 2024: 2.72%) respectively. Changes in fair values of the effective portion of the cash flow hedges in relation to derivative financial instruments are recognised in the cash flow hedging reserve. A net amount of HK\$496 million (2023: HK\$50 million credited) had been debited to the cash flow hedging reserve during the period as further set out in Note 25, and will be released to the condensed consolidated income statement when the hedged expected future cash flows affect profit or loss.

As at 30 September 2024, the derivative financial instruments qualifying as fair value hedges have, in effect, converted part of the Group borrowings into Hong Kong Dollars fixed rate and floating rates borrowings. The notional amounts of the outstanding derivative financial instruments qualifying as fair value hedges as at 30 September 2024 were HK\$8,956 million (31 March 2024: HK\$12,831 million). Changes in fair values of the fair value hedges in relation to derivative financial instruments are recognised directly in the condensed consolidated income statement.

As at 30 September 2024, the derivative financial instruments qualifying as net investment hedges have, in effect, converted part of the Group's net investment in foreign operations attributable to changes in the foreign currency spot rates respectively. The notional amounts of the outstanding derivative financial instruments qualifying as net investment hedges as at 30 September 2024 was HK\$29,752 million (31 March 2024: HK\$22,852 million). Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves. A net amount of HK\$967 million (2023: HK\$267 million credited) had been debited to the exchange reserve during the period.

As at 30 September 2024, the Group has outstanding derivative financial instruments that are not designated for hedge accounting and the notional amounts were HK\$630 million (31 March 2024: HK\$981 million). Certain forward foreign exchange contracts were entered for the purpose of locking in the exchange rates for part of the Group's future net income denominated in foreign currencies. Changes in fair values of the financial instruments that are not designated for hedge accounting are recognised directly in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

23 Trade Payables, Receipts in Advance and Accruals

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|-----------------------------|---|---|
| Trade payables | 111 | 90 |
| Receipts in advance | 536 | 502 |
| Accrued capital expenditure | 574 | 779 |
| Accrued interest | 190 | 209 |
| Lease liabilities | 25 | 29 |
| Other accruals | 1,073 | 1,361 |
| | <u>2,509</u> | <u>2,970</u> |

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

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|-----------------|---|---|
| Within one year | 2,492 | 2,951 |
| After one year | 17 | 19 |
| | <u>2,509</u> | <u>2,970</u> |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

23 Trade Payables, Receipts in Advance and Accruals (Continued)

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

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|--------------|---|---|
| 0–30 days | 71 | 57 |
| 31–90 days | 27 | 9 |
| Over 90 days | 13 | 24 |
| | <u>111</u> | <u>90</u> |

24 Units in Issue

| | Number of units (Unaudited) |
|---|--|
| At 1 April 2024 | 2,553,845,113 |
| Units issued under distribution reinvestment scheme | <u>22,800,320</u> |
| At 30 September 2024 | <u>2,576,645,433</u> |

During the six months ended 30 September 2024, the manager issued and allotted 22,800,320 units in total pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2024.

Closing price of the units as at 30 September 2024 was HK\$39.25 (31 March 2024: HK\$33.65) per unit. Based on 2,576,645,433 units in issue as at 30 September 2024 (31 March 2024: 2,553,845,113 units), market capitalisation was HK\$101,133 million (31 March 2024: HK\$85,937 million).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

25 Unitholders' Equity

| | Cash flow hedging reserve (Unaudited) HK\$'M | Exchange reserve (Unaudited) HK\$'M | Earnings retained for reserve adjustments (Unaudited) HK\$'M | Total (Unaudited) HK\$'M |
|--|--|--|---|--------------------------------|
| At 1 April 2024 | 381 | (2,860) | 2,479 | – |
| Cash flow hedges: | | | | |
| – Loss for the period | (335) | – | – | (335) |
| – Amount transferred to the condensed consolidated income statement (Note (i)) | (161) | – | – | (161) |
| | (496) | – | – | (496) |
| Foreign currency translations: | | | | |
| – Exchange gain on translation of financial statements | – | 1,346 | – | 1,346 |
| – Change in fair value of net investment hedges | – | (1,203) | – | (1,203) |
| | – | 143 | – | 143 |
| Net assets attributable to Unitholders: | | | | |
| – Amount arising from reserve movements (Note (ii)) | – | – | 353 | 353 |
| At 30 September 2024 | (115) | (2,717) | 2,832 | – |

Notes:

- (i) Amount transferred to the condensed consolidated income statement in respect of cash flow hedges was included in "Finance costs" (Note 7).
- (ii) The amount represented earnings retained for the period to offset the reserve movements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

26 Capital Commitments

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|---|---|---|
| Contracted but not provided for at the end of the period: | | |
| Capital expenditure of investment properties | <u><u>1,098</u></u> | <u><u>718</u></u> |
| Share of capital commitments of a joint venture at the end of the period: | | |
| Contracted but not provided for | <u><u>9</u></u> | <u><u>6</u></u> |

27 Connected Party Transactions and Significant Related Party Transactions and Balances

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

(a) Nature of Relationship with Connected/Related Parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/HKAS 24 (Revised) “Related Party Disclosures”, and the nature of their relationship with the Group as at 30 September 2024:

| Connected/related party | Relationship with the Group |
|--|--|
| HSBC Institutional Trust Services (Asia) Limited (the Trustee) | The Trustee of Link REIT |
| The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (excluding the Trustee and its proprietary subsidiaries) (the HSBC Group) | Associates [#] of the Trustee |
| Aedas Limited (<i>Note</i>) | Associate [#] of director |

[#] “Associate” has the meaning ascribed to it under the REIT Code and is considered as a connected party.

Note: Aedas Limited was an associate of Mr Ian Keith GRIFFITHS up to 13 May 2024.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

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

(b) Significant Transactions with Connected/Related Parties

The following significant transactions recognised under HKFRSs were carried out with connected/related parties:

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|---|--|--|
| Trustee's fee paid and payable to the Trustee <i>(Note (ii))</i> | (10) | (10) |
| Transactions with the HSBC Group <i>(Notes (iii) and (iv))</i> | | |
| Interest expense and various financing charges to the HSBC Group on borrowings and convertible bonds | (39) | (52) |
| Net gain from the HSBC Group on derivative financial instruments | 39 | 16 |
| Rental income from the HSBC Group on leasing of retail units | 18 | 18 |
| Interest income from the HSBC Group on bank deposits | 16 | 21 |
| Architectural/renovation consultancy services fees paid and payable to Aedas Limited <i>(Notes (iii) and (v))</i> | (5) | (1) |
| Interest expense to a joint venture <i>(Note (iii))</i> | — | (5) |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)**

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

(b) Significant Transactions with Connected/Related Parties (Continued)

Notes:

- (i) All connected/related party transactions were carried out in accordance with the terms of the relevant agreements governing the transactions and in the ordinary course of business.
- (ii) The Trustee is entitled to receive an annual trustee's fee (calculated and paid monthly) at rates ranging from 0.006% per annum to 0.015% per annum (2023: ranging from 0.006% per annum to 0.015% per annum) of the latest property value as determined in the latest annual valuation report of an independent property valuer recommended by the manager and appointed by the Trustee for and on behalf of Link REIT from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) The transactions were entered at arm's length on normal commercial terms and in compliance with Link REIT's procurement policy.
- (iv) HSBC Group and the Trustee are members of the same group and HSBC Group is considered as a related party of the Group.
- (v) Aedas Limited was an associate of Mr Ian Keith GRIFFITHS up to 13 May 2024.

(c) Significant Balances with Related Parties

Significant balances with related parties are set out below:

| | 30 September 2024 (Unaudited) HK\$'M | 31 March 2024 (Audited) HK\$'M |
|---|---|---|
| Trustee's fee payable to the Trustee | (2) | (2) |
| Borrowings with the HSBC Group | (1,145) | (1,094) |
| Net interest receivable from the HSBC Group | 23 | 3 |
| Security deposits from the HSBC Group | (3) | (3) |
| Derivative financial instruments with the HSBC Group | (142) | 118 |
| Deposits placed with the HSBC Group | <u>1,815</u> | <u>3,786</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

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

(d) Key Management Compensation

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

| | Six months ended 30 September 2024 (Unaudited) HK\$'M | Six months ended 30 September 2023 (Unaudited) HK\$'M |
|---|--|--|
| Fees | 5 | 5 |
| Basic salaries, allowances and other benefits | 149 | 137 |
| Long-term incentive scheme awards | 41 | 20 |
| | 195 | 162 |

28 Qualified Minority-owned Properties

Link REIT held the following qualified minority-owned properties (as defined in the REIT Code) as at 30 September 2024:

| Property | Place of operation | Usage | Type of joint arrangement | Dividend received during the period | Interest held | |
|-------------------------|--------------------|-----------------------------------|---------------------------|-------------------------------------|-------------------|---------------|
| | | | | | 30 September 2024 | 31 March 2024 |
| Queen Victoria Building | Sydney, Australia | Retail property for rental income | Joint operation (Note) | A\$6.2 million | 50% | 50% |
| The Galleries | Sydney, Australia | Retail property for rental income | Joint operation (Note) | A\$3.1 million | 50% | 50% |
| The Strand Arcade | Sydney, Australia | Retail property for rental income | Joint operation (Note) | A\$2.5 million | 50% | 50% |

Note: The Group has 50% interests in certain properties as tenant in common in equal shares with an external third party co-owners managed under co-owner agreements for the retail properties leasing in Sydney, Australia.

29 Approval of the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was authorised for issue by the Board on 6 November 2024.

REVIEW BY AUDIT AND RISK MANAGEMENT COMMITTEE AND AUDITOR

The interim results and the condensed consolidated interim financial information of the Group for the six months ended 30 September 2024 have been reviewed by the Audit and Risk Management Committee. The condensed consolidated interim financial information has also been reviewed by PricewaterhouseCoopers, Link REIT's external auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

AMENDMENTS TO THE TRUST DEED AND COMPLIANCE MANUAL

Trust Deed

On 19 June 2024, Link and the trustee of Link REIT (the **Trustee** (being HSBC Institutional Trust Services (Asia) Limited)) entered into a Third Amending and Restating Deed to amend Link REIT's trust deed (the **Trust Deed**) to (i) clarify the extent Link may hold Link REIT's investments; (ii) reflect the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**) (the **Listing Rules**), allowing the holding and the resale of units repurchased and held by Link REIT (whether through Link or otherwise) in treasury (the **Treasury Units**); and (iii) implement other changes to align with the applicable laws and regulations. Further details were disclosed in Link REIT's announcement dated 19 June 2024.

Compliance Manual

With effect from 6 November 2024, Link's compliance manual (the **Compliance Manual**) was updated to (i) include the establishment of the sustainability committee of Link; (ii) incorporate the updated matters reserved for the Board and the terms of reference of the board committees of Link (the **Board Committees**); (iii) reflect the amendments to the Listing Rules regarding Treasury Units; (iv) incorporate enhancements to the corporate governance policy; and (v) reflect the latest business practices and operations of Link REIT (including Link) to support Link 3.0 strategy.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 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 Listing Rules, 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 period, 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 policy and practices adopted for the six months ended 30 September 2024 remained in line with those in place for the financial year ended 31 March 2024, as disclosed in the corporate governance report in Annual Report 2023/2024 of Link REIT. Further details will be set out in the Interim Report 2024/2025 of Link REIT.

INFORMATION ON SECURITIES OF LINK REIT

Issue of New Units

During the period under review, 22,800,320 new units of Link REIT were issued to eligible Unitholders at an issue price of HK\$32.09 per unit pursuant to the distribution reinvestment scheme in respect of the final distribution for the financial year ended 31 March 2024 for the retention of cash for corporate uses. Based on 2,576,645,433 units in issue as at 30 September 2024, the number of new units issued during the period under review represented approximately 0.88% 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.

As at 31 March 2024, HK\$12.2 billion of the Net Proceeds have been used in the manner disclosed in the Offering Circular, in which (i) HK\$7.4 billion of Net Proceeds was used for the repayment of the bank loans falling due in 2023; (ii) HK\$1.8 billion of Net Proceeds was used for the repayment of revolving facilities maturing beyond 1 January 2024; and (iii) HK\$3.0 billion was deployed for acquisitions and investments.

The actual and the proposed use (as stated in the Offering Circular) of the Net Proceeds up to 30 September 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 2024 HK\$'billion | Actual use of the Net Proceeds during the six months ended 30 September 2024 HK\$'billion | Unutilised Net Proceeds as at 30 September 2024 HK\$'billion |
|---|---|---|--|---|
| Repayment of bank loans falling due in 2023 | 7 – 8 | – | – | – |
| 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 | 6.3 | Approximately HK\$0.1 billion was deployed to fund a further payment for the acquisition of the logistics asset in Changshu North, Jiangsu Province, and the completion payment for the acquisition of the 50% stake in Link Plaza Qibao in Shanghai | Pending future investment or acquisition opportunities, we have deployed the remaining proceeds of approximately HK\$6.2 billion pursuant to our treasury management policy |
| Total | 18.5 | 6.3 | 0.1 | 6.2 |

PURCHASE, SALE OR REDEMPTION OF LINK REIT'S LISTED SECURITIES

Purchase of Link REIT's Listed Units

During the period under review, 1,222,668 units and 51,411 units were purchased on the Hong Kong Stock Exchange through third-party intermediaries at a total consideration of approximately HK\$38.04 million (excluding expenses) and approximately HK\$2.01 million (excluding expenses) in respect of the long-term incentive scheme and employee unit purchase plan pursuant to the terms of the scheme rules and plan rules respectively.

Redemption of Link REIT's Listed Securities

On 4 April 2022, Link CB Limited (formerly known as Link 2019 CB Limited), a wholly-owned special purpose vehicle of Link REIT, partially redeemed HK\$4,000,000,000 1.60% guaranteed green convertible bonds due 2024 (the **2024 Convertible Bonds**) at an aggregate principal amount of HK\$3,213,000,000. During the period under review, Link CB Limited redeemed the remaining 2024 Convertible Bonds in full at the outstanding principal amount of HK\$787,000,000 together with accrued and unpaid interests upon maturity on 3 April 2024.

The Link Finance (Cayman) 2009 Limited, a wholly-owned special purpose vehicle of Link REIT, redeemed US\$500,000,000 3.60% notes due 2024 in full with accrued and unpaid interests upon maturity on 3 September 2024.

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 period 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.

INTERIM DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS

Interim Distribution

The interim distribution of HK134.89 cents per unit for the six months ended 30 September 2024 will be paid on Friday, 27 December 2024, to those Unitholders whose names appear on the register of Unitholders on Thursday, 21 November 2024, being the record date. For the purpose of ascertaining Unitholders' entitlement to the interim distribution, the register of Unitholders will be closed from Wednesday, 20 November 2024 to Thursday, 21 November 2024, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to qualify for the interim 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, 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 Tuesday, 19 November 2024.

Distribution Reinvestment Scheme

A distribution reinvestment scheme will be available to eligible Unitholders, who may elect to receive the interim distribution for the six months ended 30 September 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 Thursday, 21 November 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 Thursday, 28 November 2024.

DESPATCH OF INTERIM REPORT 2024/2025

The Interim Report 2024/2025 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, 28 November 2024.

APPRECIATION

Mr Nicholas Charles ALLEN (*Mr ALLEN*) retired from the Board on 1 August 2024 and Mr Duncan Gareth OWEN succeeded Mr ALLEN as chair of the Board and the new chair of the finance and investment committee and the nomination committee of Link effective from 2 August 2024. The Board and management team wish to express their deep gratitude to Mr ALLEN for his leadership of the Board and outstanding contributions to Link during his nine-year tenure.

The Board is delighted to welcome Mrs Ann KUNG YEUNG Yun Chi, who was appointed as an INED and a member of the Audit and Risk Management Committee and the remuneration committee of Link effective from 2 August 2024.

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, 6 November 2024

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

Chair (also an Independent Non-Executive Director)

Duncan Gareth OWEN

Executive Directors

George Kwok Lung HONGCHOY (*Group Chief Executive Officer*)

NG Kok Siong (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Barry David BRAKEY

Christopher John BROOKE

Ed CHAN Yiu Cheong

Jenny GU Jialin

Ann KUNG YEUNG Yun Chi

Blair Chilton PICKERELL

Poh Lee TAN

Melissa WU Mao Chin