

Interim Report
2006/07



Glossary

INED(s)	Independent Non-executive Director(s)
Listing Rules	Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Period	Between 1 April 2006 and 30 September 2006
REIT Code	The Code on Real Estate Investment Trusts
SFC	The Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Cap. 571)
The Link REIT	The Link Real Estate Investment Trust
The Manager	The Link Management Limited, the manager of The Link REIT
Trust Deed	The trust deed constituted the establishment of The Link REIT dated 6 September 2005 and supplemented from time to time
Trustee	HSBC Institutional Trust Services (Asia) Limited, the trustee of The Link REIT
Unit or Units	Unit(s) of The Link REIT
Unitholders	Unitholders of The Link REIT

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Distribution and Performance Highlight

Distribution	6 months ended 30 September 2006	25 November 2005 To 31 March 2006
Distributable Income	HK\$702M	HK\$467M
Distribution per unit	HK\$0.3281	HK\$0.2181
Yield per unit based on offer price (annualised)	6.37%	6.09%
Yield per unit based on closing price (annualised)	4.05%	3.73%

Financial performance	As at 30 September 2006	As at 31 March 2006
Property Valuation	HK\$36,515M	HK\$35,772M
Net assets attributable to Unitholders	HK\$24,540M	HK\$23,715M
Net asset value per unit	HK\$11.48	HK\$11.09
Earnings per unit	HK\$0.60	HK\$0.97
Total borrowing as a % of gross assets	28.9%	29.9%
Gross liabilities as a % of gross assets	41.7%	41.7%
Premium of unit price to net asset value	41.3%	51.5%
Operational performance		
Internal floor area	966,442 sq.m.	964,430 sq.m.
Expenditure to income ratio	40.5%	40.0%
Occupancy rate	92.3%	91.0%
Average base unit rent	HK\$253/sq.m.	HK\$252/sq.m.

In accordance with HKAS40 “Investment Property”, the investment properties are required to be carried at their fair values at each balance sheet date. As at 30 September 2006, the values of the investment properties of The Link REIT were assessed by the Manager using the income capitalisation approach.

Closure of register of Unitholders: 12 to 14 December 2006 (both days inclusive)

Date of distribution: 21 December 2006

I am pleased to present The Link REIT's first interim report since its listing on 25 November 2005. For the six months ended 30 September 2006, the unaudited distributable income was approximately HK\$702 million, or distribution per unit of HK\$0.3281, which exceeds the committed distribution as disclosed in the IPO Offering Circular by about 6.3%, on an annualised basis.

We are on target with the anticipated income growth and have also successfully refinanced the bridging loan facility. Management, with the support of the Board, has continued to pursue opportunities to increase returns through selected asset enhancement. Through improved facility layouts, we have improved tenant and trade mix as well as generated additional income from letting previously under-utilised or vacant space. Improved utilisation of carparks has also been achieved.

Efforts to bring down operational costs are beginning to take effect. We have reduced the number of property management agents and carpark operators by maintaining our relationship with only the top performers. We have also installed energy-saving devices where applicable and appropriate. These initiatives have all been taken with the view that we must continue to deliver high quality services to our customers. Customer opinion surveys conducted by the Hong Kong Polytechnic University showed over 60% increase in customer satisfaction where asset enhancement projects have been completed. The frequency of patronage, average period of stay and average spending have all increased. With new brandname tenants and other newcomers, customers are enjoying a much better overall shopping experience with more choices at affordable prices.

The Board has, therefore, endorsed the management's proposal to carry out asset enhancement at another seven shopping centres. In-depth feasibility studies will continue to identify upside potential for the remainder of our portfolio. Our focus is on sustainable income producing properties with the potential for long-term income and capital growth.

As we move forward we must, however, not lose sight of the fact that we are not only the first listed REIT in Hong Kong but that our existence is also the result of the largest government privatisation to date. Our shopping centres and carparks are located across the territory to serve a substantial portion of Hong Kong's population. We are making good progress in upgrading facilities and services. The completion of the asset enhancement projects now taking place and under planning, and the optimisation of trade mix will create a win-win situation for all stakeholders.

I would like to take this opportunity to thank management and fellow Directors for their dedication and commitment during this start-up and transitional period. It is, therefore, encouraging to note that The Link REIT has recently been voted as the Best Newly Listed Company in the Asia's Best Managed Companies 2006 survey by *EUROMONEY*.

CHENG Ming Fun Paul JP

Chairman

**The Link Management Limited
as Manager of The Link REIT**

21 November 2006

Total Distributable Income for the Period

The Manager's policy is to distribute to Unitholders 100% of The Link REIT's total distributable income as defined pursuant to the Trust Deed of The Link REIT. After the elimination of the effects of certain non-cash adjustments, the total distributable income for the Period ended 30 September 2006 was HK\$702 million. This represented an increase of 6.3% over the committed distribution as indicated in the Offering Circular for the year ending 31 March 2007 on an annualised basis.

Distribution per Unit

The distribution per unit is HK\$0.3281, representing an annualised distribution yield of 6.37% based on the final offer price of HK\$10.30, or an effective distribution yield of 4.05% based on the last traded price of HK\$16.22 as of 30 September 2006.

The register of Unitholders will be closed from 12 to 14 December 2006, both days inclusive. The distribution to Unitholders will be paid on 21 December 2006.

Operation Review

Property Portfolio

The Link REIT has a geographically diverse portfolio of 180 properties, comprising 149 integrated retail and carpark facilities, 2 standalone retail facilities and 29 standalone carpark facilities.

As at 30 September 2006, the portfolio provided an internal floor area of approximately 1,000,000 square metres of retail space and approximately 80,000 carpark spaces.

The Manager

The Manager is responsible for managing the portfolio of 180 properties. As at 30 September 2006, the Manager had 326 staff. Key activities of the Manager include leasing, property management, enhancement and maintenance works, investment and fund management and associated corporate services.

Leasing

According to its planned strategies, the Manager continued to re-align and optimise the trade mix to meet the aspirations of customers. Popular brandnames have set up new operations or opened more outlets at The Link REIT's shopping centres. These initiatives are increasing customer flow and utilisation of the adjacent carparks.

During the Period, the Manager increased the occupancy rate from 91% to 92.3%. The majority of the new tenants have occupied retail space which had been vacant for quite some time. About 30% of the new leases, mainly in the food and beverage (F & B) and retail trades, have a turnover rent clause.

The newly renovated parts of the Hau Tak Shopping Centre, Lung Cheung Mall, and Tsz Wan Shan Shopping Centre have been fully let to popular tenants, mainly in specialty retail and F & B trades, offering shopping and dining choices at affordable prices. The Manager has also introduced Jusco Supermarket as an anchor tenant at the Kai Tin Shopping Centre. Its presence has enlivened the centre and contributed to its re-positioning as Lam Tin's family shopping centre.

During the Period, the portfolio's average rent reversion rate was 8.3%, and that for the retail shopping space was 9.3%. The reversion rate at individual shopping centres showed a large variance as rental levels were affected by the local operating business environment at, and the quality of, the individual centres. Short term extensions also affected the reversion rate as they were granted at minimal adjustments to tie in with the planned and phased re-alignment of trade mix and asset enhancement projects.

Portfolio Management

The Manager has completed the regrouping and reorganizing of its external property management agents and carpark operators on a geographical basis to provide more effective and efficient services, and have achieved cost savings of about 11% in management fees. As of July 2006, there were nine property management agents and three carpark operators providing management services to retail and carpark facilities of The Link REIT. These and other cost efficiency initiatives have contained operating costs. Expenditure to income ratio for the Period was 40.5%, despite energy consumption being higher in the summer months.

The Manager has increased charges, introduced flexible charging rates to meet local circumstances, and implemented incentive parking at selected carparks to reward spending at their adjacent shopping centres with free carparking hours. The latter programme has proved to be an effective way to encourage customer flow, with over one hundred thousand of redemption requests

each month. Localised incentive programmes to increase carparking utilisation were also launched to tap new business opportunities, such as the opening of the Hong Kong Wetland Park, Ngong Ping Skyrail, and Tuen Mun — Zhuhai ferry services.

Installation of energy savings devices in 136 carparks was completed and will help to reduce electricity cost by 16.5% at these carparks. Procurement of a carpark management information and automation system was completed and installations will commence by end 2006. This new system, together with the upgrading and standardisation of CCTV systems, will further enhance operational efficiency, customer services, and reduce operating cost.

Marketing and Promotion

The Manager's sustained efforts in organizing marketing and promotion programmes, which included festive decorations and entertaining stage events, enhanced leisure shopping atmosphere and encouraged higher patronage with longer stay and more spending. In October 2006, a Halloween promotion was launched for the first time, featuring newly designed mascots, a Halloween costume design contest and a "haunted house" with charity fund-raising elements to enhance customer appeal.

The broad customer base of the Manager's retail facilities has also attracted well-known brands in fashion and consumer products, and other operators to stage publicity events or set up promotional counters at promotional venues, providing extra rental income, and enriching shoppers' experience.

Tenant partnership is an integral part of the Manager's marketing strategy. Joint publicity and promotional activities were held at the Tsz Wan Shan, Hau Tak, Chung Fu and Fu Tung Shopping Centres. These activities have helped to raise brand awareness and secure more business for our tenants.

Asset Enhancement

Asset enhancement remains the Manager's main driver to improve the quality of the portfolio, to re-align existing tenancies and introduce new trade mix to raise rental income. The completion of the initial phases of asset enhancement at the Tsz Wan Shan, Lung Cheung Mall and Hau Tak Shopping Centres and a proactive leasing strategy to bring in new trades have enlivened these centres, delivering more choices to the shoppers and improving business environment for the new and existing tenants. The other phases will be completed in 2007/08.

At the Hau Tak Shopping Centre, the renovated east wing, with its improved trade mix and state-of-the-art hardware design, contrast greatly with the existing west wing, and has put it on par with the nearby shopping facilities in terms of competitiveness as well as rental level. The next phase of enhancement will be extended to the west wing and the ground floor to bring more choices and convenience to shoppers.

The opening of the new shops in the Lung Cheung Mall has also prompted existing tenants to renovate their shops and improve their range of products. The completion of the remaining improvement works will create a bustling tourist friendly passageway with interesting shops and will enable the mall to further capitalise on its proximity to the Wong Tai Sin Temple and bring up the rental levels.

The new popular brandnames introduced at the Tsz Wan Shan Shopping Centre are operating very well. The newly introduced "high-street" shopping environment has attracted more brandnames to seek retail space at the centre. The remaining phase of enhancement will extend up to the 7th Floor, to convert a vacant management office into a service and retail space.

According to surveys conducted by the Hong Kong Polytechnic University, overall customer satisfaction rating jumped by over 60% on completion of asset enhancement projects. The Manager will continue with the other phases of enhancement works within these three shopping centres and expects the works to be substantially completed in financial year 2007/08.

The Manager has commenced work on the five other centres identified during the initial public offering. They are:

- **Stanley Plaza** — Phase 1 of the works has commenced and are in good progress. Additional retail space will be created through facility layout improvements and improved access to capitalise on the Government's improvement works along the waterfront and the completion of the pier adjacent to Murray House. On completion, the plaza will attract more tourists spending and residents from Island South;

- **Chung On and Choi Ming Shopping Centres** — Both centres are fully let, with prospective tenants waiting for retail space. The enhancement works will focus on optimizing the facility layout to create additional retail space, to improve the facilities efficiency and to provide more choices for shoppers. Works are in progress at the Chung On Shopping Centre;
- **Tai Wo Shopping Centre** is on top of the KCRC Tai Wo Station but its potential as a “Station Mall” has not been captured. Phase 1 works to create a restaurant zone are in good progress. Further renovation will focus on revitalizing the centre through improved access, better layout of retail space and more choices for shoppers;
- **Lok Fu Shopping Centre** is the largest retail facility in The Link REIT’s portfolio. Works have commenced in the entrance zone for a new face, new signature to the centre. Planning is underway to re-align complementary trade mix through re-sizing the dry market, relocating anchor tenants to create additional retail space to provide more choices for shoppers and an improved access. On completion, the centre will become a shopping and dining destination for the residents of Central Kowloon.
- **Ming Tak Shopping Centre** is adjacent to the Hau Tak Shopping Centre. It is under renovation to provide additional choices to shoppers in this area, to enhance its appeal as part of the MTR Hang Hau Station shopping-ring upon its completion in March 2007;
- **Cheung Fat and Butterfly Shopping Centres** have growth potential after renovation. Works will commence to upgrade these centres to enhance its competitiveness vis-a-vis the nearby new facilities, and reclaim its lost market share;
- **Wong Tai Sin Shopping Centre** is on top of the MTR Wong Tai Sin Station serving a catchment population of over 400,000 around the station and the popular Wong Tai Sin Temple. Works have commenced to revitalise the centre, and together with the adjacent Lung Cheung Mall, to create a mega shopping mall using both facilities;
- **Chung Fu Shopping Centre** is the largest of the 10 retail and carparking facilities serving the Tin Shui Wai District. The centre is being renovated with a much wider catchment of potential customers to become a flagship mall of the district.

The Manager has identified the following seven other asset enhancement projects and have appointed external consultants to take them forward for completion in the next leasing cycle:

- **Lek Yuen Commercial Complex and Wo Che Commercial Centre** are among the cluster shopping centres served by the KCRC Shatin Station. With the improved economic climate and expansion of the other shopping centres within the district, the Manager is renovating these shopping facilities to satisfy increasing demand of various operators expanding their businesses into Central Shatin;

The Manager has also identified about 15 other centres for asset enhancement, with detailed feasibility studies being undertaken. The Manager has selected these centres as priority centres for asset enhancement due to their better yield accretive potential. The centres identified will become a key driver of rental income growth. The Manager considers that on successful completion of these projects, their rental income will progressively increase within two leasing cycles.

Human Resources Development

There was 13% headcount growth during the Period, with most of the additions in property management frontline and project management positions. The Manager provided a comprehensive and integrated series of programmes to both our staff and frontline staff of the property management and carpark operators. Programme highlights include service standards on appearance and personal hygiene, courtesy, greeting and offering service, listening and understanding, communication skill and complaint handling, etc.

Financial Review

Revenue and Net Property Income

Revenue and net property income from the properties portfolio during the Period were HK\$1,956 million and HK\$1,164 million, respectively. This represented an average of HK\$326 million of revenue and net property income of HK\$194 million per month.

Total revenue was made up of HK\$1,401 million of retail rental, HK\$435 million of carpark income and HK\$120 million of other income.

Net property income represented approximately 59.5% of total revenue, after the deduction of property management costs and other property operating expenses. The expenditure to income ratio improved from budgeted 42% to 40.5%.

Refinancing

During the Period, The Manager has made necessary refinancing arrangements for The Link REIT's existing HK\$12.5 billion bridging facility (the "Bridging Loan") which is repayable in full in November 2006.

In August 2006, The Link REIT, through its subsidiary, The Link Finance (Cayman) 2006 Limited, issued three tranches of guaranteed notes with two-year and three-year maturities to refinance HK\$3.6 billion of the Bridging Loan. The guaranteed notes have been rated "A3" by Moody's Investors Service, Inc and "A" by Standard & Poor's Rating Services. In August 2006, a HK\$5 billion five-year syndicated loan was arranged from international banks as part of the refinancing. In September 2006, The Link Finance Limited entered into an agreement for the sale and purchase of a HK\$4 billion mortgage loan with The Hong Kong Mortgage Corporation Limited which is expected to complete in November 2006, to complete the refinancing of the Bridging Loan. This is the first-ever sale of mortgage loan by a real estate investment trust in Hong Kong.

The majority of The Link REIT's borrowings are either arranged for interest rate swap hedge or at fixed rates. The Manager closely monitors and continuously reviews the loan portfolio in respect of interest rate exposure.

With the diversity of sources of funding and the extended maturity profile of the borrowings, The Link REIT has put itself in a strong financing and risk management position. Together with its strong credit rating (an "A" rating from Standard & Poor's and an "A3" from Moody's were awarded in June 2006), The Link REIT has established a strong profile in the international financial market and laid an important groundwork to move its business forward.

The Link REIT did not charge any of the group assets during the Period.

Gearing Ratio

Total bank borrowings and guaranteed notes of The Link REIT represented 28.9% of the total gross asset value of The Link REIT at the Period end date.

Gross Liabilities and Net Assets

As at 30 September 2006, gross liabilities (excluding net assets attributable to Unitholders) accounted for HK\$17,569 million, or 41.7% of gross asset value. Net assets attributable to Unitholders were HK\$24,540 million, or HK\$11.48 per unit.

Property Valuation

The Manager has performed an internal assessment of the fair value of the portfolio as at 30 September 2006. In arriving at the estimated fair value, the methodology was based on the income capitalisation approach.

The value of the investment properties, as revalued by CB Richard Ellis Limited, the Principal Valuer, is HK\$35,772 million as at 31 March 2006. Based on the internal assessment, the increase in fair value of the investment properties, amounting to HK\$707 million, has been included in the income statement for the Period.

Cash Position

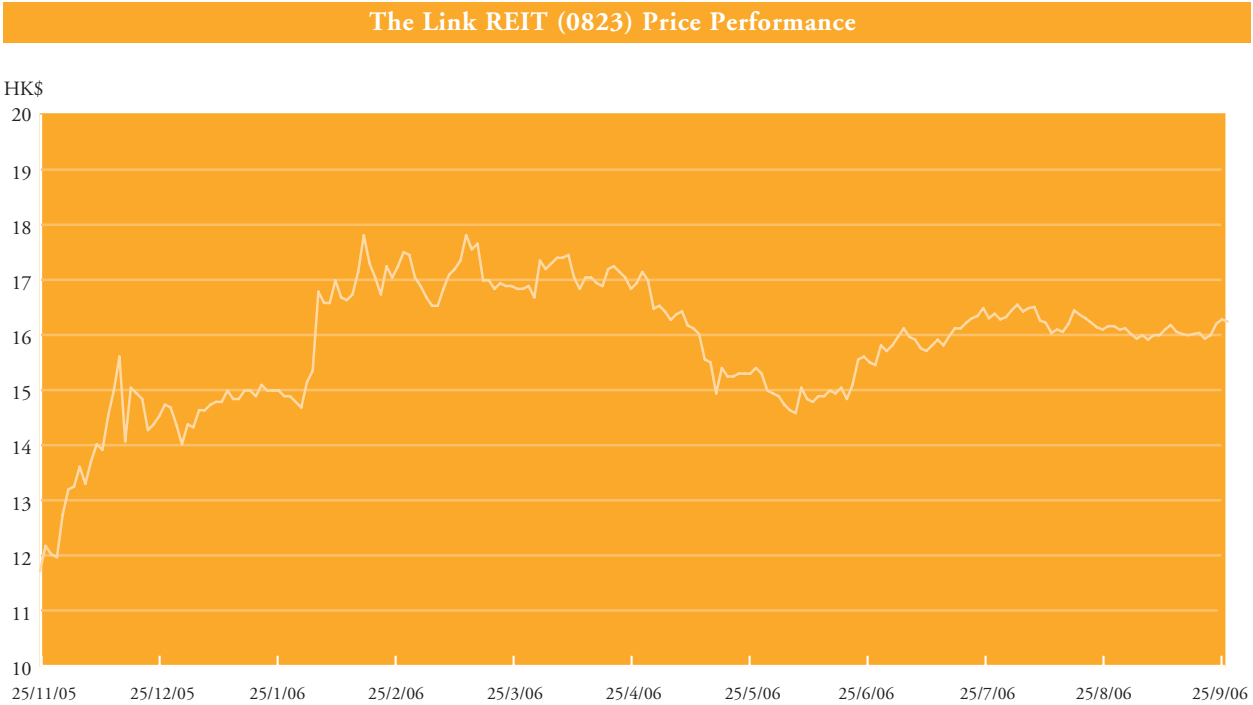
As at the Period end date, The Link REIT had cash balances and bank deposits totalling HK\$1,481 million with maturities well planned to satisfy its financial commitments and working capital requirements. The Manager has adopted a principal preservation approach in cash management to ensure flexibility to meet the operational needs of The Link REIT.

Units in Issue

Upon listing on 25 November 2005, a total of 2,137,454,000 Units were issued. During the Period under review, the Units have been actively traded. The last traded price as of 30 September 2006 was HK\$16.22, representing a premium of 57.5% over the subscription price of HK\$10.30. The last traded price also reflected a premium of 41.3% on the net asset value of HK\$11.48 per Unit.

Prospects

The Manager will continue to focus on asset enhancements and trade mix improvements within its portfolio to optimise the potential of the retail facilities. In order to further improve operating efficiency and cost control, the Manager will develop and implement streamlined management structure and operating models to suit the requirements of The Link REIT. The Manager will also explore and consider any yield accretive acquisitions if there are suitable facilities to be acquired.



Authorisation Structure

The Link REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager which was established to manage the portfolio of The Link REIT is licensed under the SFO to carry on regulated activity of asset management. The Trustee is a registered trust company in Hong Kong and responsible for the safe custody of the assets of The Link REIT.

The Link REIT has adopted an internalised management structure whereby the Trustee is the registered owner of all the issued shares of the Manager.

The Link REIT as the first real estate investment trust in Hong Kong is committed to maintaining high standards of corporate governance in the interest of its Unitholders.

Compliance

During the Period, the Manager and The Link REIT have complied with the provisions of the REIT Code published by the SFC, the relevant provisions of the SFO, the relevant sections of the Listing Rules applicable to The Link REIT, the Trust Deed and the requirements and procedures laid down in the compliance manual of the Manager adopted for use in relation to the management of The Link REIT.

The Manager has adopted a code governing dealings in the securities of The Link REIT by Directors equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules. Following a specific enquiry, each director has confirmed that he has complied with the required standard set out in the code adopted by the Manager throughout the Period.

Board of Directors

The Board principally oversees the management of the Manager's affairs and the conduct of its business and is responsible for the overall governance of the Manager. It leads and guides the Manager's corporate strategy and direction and is functioning separately from, and independent of, the executive management.

Pursuant to the Manager's corporate governance policy, the majority of the Directors of the Board are required to be INEDs. At present, the Board comprises 13 members, nine of whom are INEDs, three of whom are Non-executive Directors and the Chief Executive Officer is an Executive Director. The positions of Chairman who has to be an INED and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties.

Issuance, Repurchase, Sale or Redemption of Units

The Link REIT has not issued any new Units during the Period.

The Manager and The Link REIT confirmed that they did not, directly or indirectly, purchase, sale or redeem Units of The Link REIT during the Period.

Review of Financial Results

The interim results of The Link REIT for the six months ended 30 September 2006 have been reviewed by the Audit Committee of the Manager, and approved by the Board of Directors at its meeting on 21 November 2006.

The interim financial statements have also been reviewed by The Link REIT's auditors in accordance with Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants.

Connected Party Transactions

Chapter 8 of the REIT Code governs transactions between a real estate investment trust and its connected persons and that such transactions will constitute connected party transactions for the purpose of the REIT Code.

A waiver from strict compliance with the disclosure and unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain transactions entered into by The Link REIT has been granted by the SFC upon listing of The Link REIT.

Set out below is information in respect of the connected party transactions involving The Link REIT and its connected persons:

Connected Party Transactions — Income

Name of Connected Person	Relationship with The Link REIT	Nature of the Transaction	Income derived during the Period <i>HK\$'M</i>
HSBC Group ¹	Trustee's connected person	Tenancies of property of The Link REIT ²	6.8 ³
The Hong Kong and Shanghai Banking Corporation Limited	Trustee's connected person	Interest income	27.9

¹ HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries.

² For shops and ATM installation at various locations.

³ Amount excluding deposit received.

Connected Party Transactions — Expenses

Name of Connected Person	Relationship with The Link REIT	Nature of the Transaction	Expenses Incurred during the Period <i>HK\$'M</i>
The Link Management Limited	The Manager ¹	Management Fee	61.1
HSBC Institutional Trust Services (Asia) Limited	The Trustee ²	Trustee Fee	1.4
CapitaLand Limited	Strategic Partner	Strategic Partner Service Fee	1.0
HSBC Group ³	Trustee's Connected person	Loan Interest and Charges	263.4
Boyden Management Consulting Asia Limited/ Boyden China Limited	Associate of a Director of the Manager ⁴	HR Consultant	0.5

¹ The Manager, as an internalised management company of The Link REIT, recovers its expenses from The Link REIT on a cost recovery principle.

² The Trustee is entitled to charge an annual fee at a rate of 0.008% per annum of the latest property value as determined in the latest annual valuation report of the independent valuer, subject to a minimum of HK\$150,000 per month.

³ HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries.

⁴ Mr Stanley KO, an INED of the Manager, is also a common director of each of Boyden Management Consulting Asia Limited and Boyden China Limited.

Connected Party Transactions

Lease Transactions with Connected Persons

The Link REIT has during the Period entered into tenancy contracts with the HSBC Group for lease of retail shops and space for the installation of ATM machines at various properties of The Link REIT.

Connected Party Transactions with the HSBC Group for Ordinary Course Banking Services

The Link REIT and its subsidiaries have engaged The Hongkong and Shanghai Banking Corporation Limited, the indirect holding company of the Trustee of The Link REIT, to provide ordinary course banking and financial services, namely, bank deposit and MPF arrangements for staff, during the Period under review.

The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited are the lenders to The Link Finance Limited, an indirect and wholly owned subsidiary of The Link REIT, pursuant to a loan facility arranged for the acquisition of the property portfolio from the Hong Kong Housing Authority upon listing.

Corporate Finance Transactions with HSBC Group

Financial Advisory Services — The Hong Kong and Shanghai Banking Corporation Limited provided financial advisory services to The Link REIT in relation to the refinancing of the Bridging Loan.

Issuance of Guaranteed Note — The Hongkong and Shanghai Banking Corporation Limited is the lead manager and book-runner for a HK\$1,400 million guaranteed note issued by The Link Finance (Cayman) 2006 Limited, an indirect and wholly owned subsidiary of The Link REIT in August 2006.

Syndicated Loan — The Hongkong and Shanghai Banking Corporation Limited is one of the mandated lead arrangers and lenders of a HK\$5,000 million syndicated loan facility made available to The Link Finance Limited.

Holding of Connected Persons in the Units of The Link REIT

Upon making reasonable enquiry and according to information available to the Manager, the following persons, being connected persons (as defined under the REIT Code) of The Link REIT, held Units of The Link REIT as at 30 September 2006:

Name	Number of Units	Percentage of Holdings
The Children's Investment Master Fund	392,279,500	18.35%
CapitaLand Limited	90,874,000	4.25%
HSBC Group	3,199,000	0.15%
The Wing Hang Bank Limited	100,000	0.00%

Notes:

1. The Children's Investment Master Fund is a connected person as it is a significant holder (as defined under the REIT Code) of The Link REIT.
2. CapitaLand Limited is a connected person as it is the Strategic Partner of the Manager and Mr LIEW Mun Leong, a director of CapitaLand Limited, is also a director of the Manager of The Link REIT.
3. The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries are connected persons as HSBC Institutional Trust Services (Asia) Limited, an indirect subsidiary of The Hongkong and Shanghai Banking Corporation Limited, is the Trustee of The Link REIT.
4. The Wing Hang Bank Limited is a connected person as Dr FUNG Yuk Bun Patrick, Chairman of The Wing Hang Bank Limited, is also a director of the Manager of The Link REIT.

The Manager confirms that all the above connected party transactions were entered into in the ordinary course of business and on normal commercial terms.



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**Independent Review Report to the Directors of
The Link Management Limited (the “Manager”)**

Introduction

We have been instructed by the Manager to review the interim financial report of The Link Real Estate Investment Trust (“The Link REIT”) set out on pages 13 to 28.

Respective responsibilities of directors of the manager and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report of The Link REIT to be in compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the relevant provisions thereof. The interim financial report of The Link REIT is the responsibility of, and has been approved by, the directors of the Manager.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report of The Link REIT and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standard 700 “Engagements to Review Interim Financial Reports” issued by the HKICPA. A review consists principally of making enquiries of the Manager and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report of The Link REIT.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report of The Link REIT for the six months ended 30 September 2006.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 November 2006

Condensed Consolidated Interim Income Statement

For the six months ended 30 September 2006

	<i>Note</i>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Revenues	<i>3</i>	1,956
Property operating expenses	<i>5</i>	(792)
Net property income		1,164
Interest income		28
General and administrative expenses		(41)
Change in fair values of investment properties		707
Operating profit	<i>6</i>	1,858
Finance costs on bank borrowings and guaranteed notes	<i>7</i>	(292)
Profit before taxation and transactions with unitholders		1,566
Taxation	<i>9</i>	(274)
Profit for the period, before transactions with unitholders	<i>10</i>	1,292
Distributions paid to unitholders		(467)
Change in net assets attributable to unitholders		825

The above condensed consolidated interim income statement should be read with the accompanying notes to these condensed consolidated interim financial statements.

Notes:

- (i) In accordance with the Trust Deed, The Link REIT is required to distribute to unitholders not less than 90% of the Distributable Income for each financial period. The Trust also has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations of the Trust to pay to its unitholders cash dividends and also upon termination of the Trust, a share of all net cash proceeds derived from the sale or realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust at the date of the termination. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32: Financial Instruments: Disclosure and Presentation. Consistent with unitholders' funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the income statement.
- (ii) Total Distributable Income for the six months ended 30 September 2006 is determined in note 11 to the condensed consolidated interim financial statements. The distribution declared in respect of this financial period is set out in the Statement of Distributions and will be paid out to unitholders on 21 December 2006.
- (iii) Earnings per unit, based upon profit after tax before transactions with unitholders and the average number of units in issue, is set out in note 10 to the condensed consolidated interim financial statements.
- (iv) The Link REIT remained inactive for the period from 6 September 2005 (date of establishment) to 30 September 2005. Accordingly, no comparative figures for the condensed consolidated interim income statement were presented.

Condensed Consolidated Interim Balance Sheet

As at 30 September 2006

	<i>Note</i>	30 September 2006 (Unaudited) HK\$'M	31 March 2006 (Audited) HK\$'M
Non-current assets			
Goodwill		3,988	3,988
Investment properties	12	36,515	35,772
Property, plant and equipment	13	36	32
		40,539	39,792
Current assets			
Accounts and other receivables	14	64	122
Deposits and prepayments		25	10
Short term bank deposits	15	1,230	453
Cash and cash equivalents	15	251	314
		1,570	899
Total assets		42,109	40,691
Current liabilities			
Receipt in advance, accruals and other payables		650	332
Security deposits		300	288
Bank borrowings	16	8,569	12,169
		9,519	12,789
Net current liabilities		7,949	11,890
Total assets less current liabilities		32,590	27,902
Non-current liabilities, excluding net assets attributable to unitholders			
Guaranteed notes	16	3,589	—
Deferred tax liabilities		4,461	4,187
		8,050	4,187
Total liabilities		17,569	16,976
Net assets attributable to unitholders	12(a)	24,540	23,715
Units in issue		2,137,454,000	2,137,454,000
Net asset value per unit	12(a)	HK\$11.48	HK\$11.09

The above condensed consolidated interim balance sheet should be read with the accompanying notes to these condensed consolidated interim financial statements.

On behalf of the Board of Directors of
The Link Management Limited, as the Manager

CHENG Ming Fun Paul
Chairman
21 November 2006

SO Hing Woh Victor
Chief Executive Officer
21 November 2006

Condensed Consolidated Interim Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 September 2006

	<i>Note</i>	<i>HK\$'M</i>
At 1 April 2006		23,715
Profit for the period, before transactions with unitholders		1,292
Distributions paid		(467)
Change in net assets attributable to unitholders		825
At 30 September 2006	<i>12(a)</i>	24,540

The above condensed consolidated interim statement of changes in net assets attributable to unitholders should be read with the accompanying notes to these condensed consolidated interim financial statements.

Statement of Distributions

For the six months ended 30 September 2006

	<i>Note</i>	Six months ended 30 September 2006 (Unaudited) <i>HK\$'M</i>
Total Distributable Income	<i>11</i>	702
Distributable amount to be paid to unitholders for the period		702
As a percentage of Total Distributable Income		100%
Units in issue		2,137,454,000
Distribution per unit		32.81 HK cents

The above statement of distributions should be read with the accompanying notes to these condensed consolidated interim financial statements.

Notes:

- (i) Pursuant to the Trust Deed, The Link REIT is required to ensure that the total amount distributed to unitholders as distributions for each financial year/period shall be no less than 90% of "Total Distributable Income", plus at its discretion, any other additional amount that the Manager determines is distributable. The Manager intends to distribute 100% of Total Distributable Income as the distributable amount for the interim reporting period ended 30 September 2006. The distributions will be paid out to unitholders on 21 December 2006.
- (ii) Under the terms of the Trust Deed, the Total Distributable Income is the consolidated profit after tax attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the income statement for the relevant period. The adjustments to arrive at Total Distributable Income for this interim reporting period are set out in note 11 to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flow

For the six months ended 30 September 2006

Six months ended
30 September 2006
(Unaudited)
HK\$'M

Cash flows from operating activities	1,491
Investing activities	
Additions to investment properties	(36)
Additions to property, plant and equipment	(8)
Interest income received	19
Increase in time deposits with original maturity over 3 months	(777)
Cash outflows in investing activities	(802)
Financing activities	
Proceeds from issuance of guaranteed notes	3,588
Repayment of bank borrowings	(3,600)
Interest expenses paid on bank borrowings and guaranteed notes	(273)
Distributions paid to unitholders	(467)
Cash outflows in financing activities	(752)
Net decrease in cash and cash equivalents	(63)
Cash and cash equivalents at beginning of the financial period	314
Cash and cash equivalents at end of the financial period	251

The above condensed consolidated interim cash flow statement should be read with the accompanying notes to these condensed consolidated interim financial statements.

1 Corporate Information

The Link REIT is a real estate investment trust (the “Trust” or “The Link REIT”) constituted by a trust deed (“Trust Deed”) entered into on 6 September 2005 (as amended by the First Supplemental Deed dated 4 November 2005, the Second Supplemental Deed dated 8 November 2005 and the Third Supplemental Deed dated 16 January 2006) and is an authorised unit trust under section 104 of the Securities and Futures Ordinance (“SFO”). The Link REIT is listed on The Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”).

The principal activity of The Link REIT and its subsidiaries (the “Group”) is the investment in retail and carpark operations (“RC Operations”) in Hong Kong. The address of registered office of the Manager and the Trustee, HSBC Institutional Trust Services (Asia) Limited, is 18th Floor, 8 Queen’s Road Central, Hong Kong, and 1 Queen’s Road Central, Hong Kong, respectively.

2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with HKAS 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the period from 6 September 2005 (date of establishment) to 31 March 2006.

The accounting policies adopted are consistent with those set out in the audited financial statements for the period from 6 September 2005 (date of establishment) to 31 March 2006.

In addition, the following new standards, amendments to standards and interpretations issued by the HKICPA are mandatory for the Groups’ accounting periods beginning on or after 1 April 2006.

- HKAS 19 Amendment, “Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures”;
- HKAS 21 Amendment, “The Effects of Changes in Foreign Exchange Rates — Net Investment in a Foreign Operation”;
- HKAS 39 Amendment, “Financial Instruments: Recognition and Measurement — The Fair Value Option”;
- HKAS 39 Amendment, “Financial Instruments: Recognition and Measurement — Cash Flow Hedge Accounting of Forecast Intragroup Transactions”;
- HKAS 39 & HKFRS 4 Amendments, “Financial Instruments: Recognition and Measurement and Insurance Contracts — Financial Guarantee Contracts”;
- HKFRS 6, “Exploration for and evaluation of mineral resources”;
- HKFRS — Int 4, “Determining whether an arrangement contains a lease”;
- HKFRS — Int 5 “Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds”;
- HK (IFRIC) — Int 6 “Liabilities arising from participating in a specific market — waste electrical and electronic equipment”; and
- HK (IFRIC) — Int 7 “Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics”.

Notes to the Condensed Consolidated Interim Financial Statements

2 Basis of preparation (Continued)

The adoption of the above has no significant impact on these condensed consolidated interim financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group's accounting period beginning 1 April 2006 and have not been early adopted:

- HK (IFRIC) — Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1 May 2006;
- HK (IFRIC) — Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006;
- HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007; and
- HKAS 1 Amendment "Presentation of Financial Statements — Capital Disclosures", effective for annual periods beginning on or after 1 January 2007.

The Manager does not expect HK (IFRIC) — Int 8 and 9 to be relevant to the Group. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from accounting periods beginning 1 April 2007.

3 Revenues

Revenues recognised during the period comprise:

	<i>HK\$'M</i>
Rental income from retail properties	1,401
Gross rental receipts from car parks	435
	1,836
Other revenues	
Air conditioning service fees	118
Other property related income	2
	120
Total revenues	1,956

Lease arrangements with tenants provide for base monthly rental charges and recovery of certain outgoings. Additional rents based on business turnover, amounting to HK\$12 million, have been included in the rental income.

Notes to the Condensed Consolidated Interim Financial Statements

4 Segment information

	Retail properties <i>HK\$'M</i>	Carparks <i>HK\$'M</i>	Head office <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2006				
Revenues	1,521	435	—	1,956
Segment results	932	232	(41)	1,123
Change in fair values of investment properties	706	1	—	707
Interest income				28
Finance costs on bank borrowings and guaranteed notes				(292)
Profit before taxation and transactions with unitholders				1,566
Taxation				(274)
Profit for the period, before transactions with unitholders				1,292
Capital expenditure	31	5	8	44
Depreciation	—	—	(4)	(4)
As at 30 September 2006				
Segment assets	29,871	6,686	83	36,640
Goodwill				3,988
Short term bank deposits				1,230
Cash and cash equivalents				251
				42,109
Segment liabilities	754	78	118	950
Bank borrowings and guaranteed notes				12,158
Deferred tax liabilities				4,461
				17,569
Net assets attributable to unitholders				24,540
As at 31 March 2006				
Segment assets	29,114	6,726	96	35,936
Goodwill				3,988
Short term bank deposits				453
Cash and cash equivalents				314
				40,691
Segment liabilities	509	19	92	620
Bank borrowings				12,169
Deferred tax liabilities				4,187
				16,976
Net assets attributable to unitholders				23,715

Notes to the Condensed Consolidated Interim Financial Statements

5 Property operating expenses

	<i>HK\$'M</i>
Property managers' fees, security and cleansing	302
Staff costs (<i>Note 8</i>)	48
Government rent and rates	54
Repairs and maintenance	101
Utilities	211
Promotion and marketing expenses	22
Other property operating expenses	54
	792

6 Net profit before finance costs, taxation and transactions with unitholders

	<i>HK\$'M</i>
Net profit before finance costs, taxation and transactions with unitholders is stated after charging:	
Staff costs (<i>Note 8</i>)	64
Depreciation of property, plant and equipment	4
Strategic Partner fee	1
Trustee's remuneration	1
Auditors' remuneration	1
Other legal and professional fees	8

7 Finance costs on bank borrowings and guaranteed notes

	<i>HK\$'M</i>
Interest expenses on bank borrowings wholly repayable within one year (<i>Note 16</i>)	263
Interest expenses on guaranteed notes wholly repayable within five years (<i>Note 16</i>)	29
	292

8 Staff Costs

	<i>HK\$'M</i>
Wages and salaries	63
Contributions to Mandatory Provident Fund Scheme	1
	64

Staff costs can be further analysed as below:

	<i>HK\$'M</i>
Included under property operating expenses	48
Included under general and administrative expenses	16
	64

Notes to the Condensed Consolidated Interim Financial Statements

9 Taxation

Current taxation has not been provided as the Group has no estimated assessable profit for the period.

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

	<i>HK\$'M</i>
Current taxation	—
Deferred taxation	274
	274

10 Earnings per unit based upon profit after taxation before transactions with unitholders

Profit for the period, before transactions with unitholders	HK\$1,292 million
Number of units outstanding at the end of the period	2,137,454,000
Earnings per unit based on profit after taxation, before transactions with unitholders, basic and diluted	HK\$0.60

11 Distributions

	<i>HK\$'M</i>
Profit after taxation for the six months ended 30 September 2006, attributable to unitholders	1,292
Adjustments:	
Change in fair values of investment properties	(707)
Deferred taxation on change in fair values of investment properties	124
Other non-cash income	(7)
Total Distributable Income for the six months ended 30 September 2006	702
Distributable amount to be paid to unitholders for the period	702
As a percentage of Total Distributable Income	100%
Distribution per unit	32.81 HK cents

At a meeting held on 21 November 2006, the Manager proposed a distribution of 32.81 HK cents per unit. The proposed distribution is not reflected as distribution payable in the condensed consolidated interim financial statements and will be reflected in the consolidated financial statements for the year ending 31 March 2007.

12 Investment properties

Details of the movements of investment properties are as follows:

	Retail properties <i>HK\$'M</i>	Carparks <i>HK\$'M</i>	Total <i>HK\$M</i>
At 1 April 2006	29,098	6,674	35,772
Additions	31	5	36
Change in fair values	706	1	707
At 30 September 2006	29,835	6,680	36,515

(a) Fair value

In accordance with HKAS 40 "Investment Property", the investment properties are stated at their fair values at each balance sheet date. As at 30 September 2006, the fair values of the investment properties were determined by the Manager using the income capitalisation approach primarily. In arriving at the fair values, the Manager assumed, inter alia, that legal titles to the properties are in place as of the property valuation date, notwithstanding that legal titles to certain of the properties have not been granted as of the balance sheet date as set out in note (b) below.

As at 31 March 2006, the investment properties were revalued by CB Richard Ellis Limited ("CBRE"), The Link REIT's Principal Valuer under the REIT Code and an independent firm of professional qualified valuers. The valuation of the investment properties as at 31 March 2006 was HK\$35,772 million. If the independent valuation as at 31 March 2006 is adopted for the purpose of calculating the net asset value, The Link REIT's net assets attributable to unitholders as at 30 September 2006 would be approximately HK\$24.0 billion, and the net asset value per unit would be HK\$11.2. CBRE did not carry out independent valuation for these properties as at 30 September 2006.

(b) Government leases

The properties included as investment properties on the balance sheet comprise properties where the Group has legal title under government leases for a fixed number of years (with renewal rights in one case), and other properties where the granting of the government leases and legal title is in progress. The government lease profile of these properties with Government Leases granted range from 37 to 51 years.

By virtue of the Property Agreement with the Hong Kong Housing Authority (HA) in respect of the acquisition of the retail and carpark operations, the Group as the beneficial owner, is legally entitled to operate all these properties as if it was the legal and beneficial owner.

(c) REIT Code restrictions

In accordance with the REIT Code, the Group is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless unitholders have passed a special resolution consenting to the proposed disposal.

13 Property, plant and equipment

	Leasehold improvement <i>HK\$'M</i>	Motor vehicles <i>HK\$'M</i>	Equipment <i>HK\$'M</i>	Total <i>HK\$'M</i>
At beginning of the financial period	4	2	26	32
Additions	6	—	2	8
Depreciation charge for the period	(1)	—	(3)	(4)
Closing net book amount	9	2	25	36
At 30 September 2006				
Cost	11	2	30	43
Accumulated depreciation	(2)	—	(5)	(7)
Net book value	9	2	25	36

Notes to the Condensed Consolidated Interim Financial Statements

14 Accounts and other receivables

	30 September 2006 (Unaudited) <i>HK\$'M</i>	31 March 2006 (Audited) <i>HK\$'M</i>
Accounts receivable (<i>Note a</i>)	22	66
Amount due from the Hong Kong Housing Authority (HA), net (<i>Note b</i>)	7	37
Other receivables	35	19
	64	122

- (a) Receivables are denominated in Hong Kong dollars and the carrying amounts of these rental receivables approximate their fair values.

A majority of the Group's rental income is received in cash and there is no specific credit terms given to the tenants. The accounts receivable are generally fully covered by the rental deposits from corresponding tenants.

	30 September 2006 (Unaudited) <i>HK\$'M</i>	31 March 2006 (Audited) <i>HK\$'M</i>
0 — 30 days	16	64
31 — 90 days	6	2
	22	66

Monthly rental in respect of retail properties are payable in advance by tenants in accordance with the leasing agreements while daily gross receipts from carparks are received from the carpark operators in arrear.

- (b) The amount with HA is unsecured, interest free and repayable on demand.

15 Cash and cash equivalents and short-term deposits

	30 September 2006 (Unaudited) <i>HK\$'M</i>	31 March 2006 (Audited) <i>HK\$'M</i>
Cash on hand	2	2
Cash at bank	17	9
Short-term bank deposits with original maturity less than 3 months	232	303
Cash and cash equivalents	251	314
Short-term bank deposits with original maturity more than 3 months	1,230	453
	1,481	767

Short-term bank deposits at the balance sheet date mature approximately 69 days (March 2006: 66 days) from the end of the interim financial period. The effective interest rate at the balance sheet date is 4.30% (March 2006: 4.07%) per annum.

Notes to the Condensed Consolidated Interim Financial Statements

16 Bank borrowings and guaranteed notes

	30 September 2006 (Unaudited) HK\$'M	31 March 2006 (Audited) HK\$'M
Current		
Unsecured one year bridging loan facility (<i>Note a</i>)	8,569	12,169
Non-current		
Guaranteed notes (<i>Note b</i>)	3,589	—
Total borrowings (<i>Note c</i>)	12,158	12,169

- (a) The one year bridging loan will be fully repaid in November 2006.
- (b) On 4 August 2006, a subsidiary of the Group, The Link Finance (Cayman) 2006 Limited, issued three guaranteed notes (the “Notes”) in the aggregate amount of HK\$3.6 billion. The Notes, guaranteed by two subsidiaries of the Group, The Link Holdings Limited and The Link Properties Limited, are divided into three tranches, HK\$1.4 billion 5.12% guaranteed notes due 2009, HK\$1.4 billion 5.00% guaranteed notes due 2008 and HK\$0.8 billion floating rate guaranteed notes due 2008.
- (c) The effective interest rate of the borrowings at the balance sheet date was 4.84% (March 2006: 4.74%) with maturity due between 2 months to 3 years (March 2006: 8 months). The carrying amounts of the borrowings approximate their fair value.
- (d) On 4 August 2006, the Group arranged a HK\$5 billion five-year floating rate syndicated term/ revolving bank loan facility. As at 30 September 2006, the facility remained unutilised. An amount of HK\$4.6 billion was drawn on 27 October 2006.
- (e) On 4 September 2006, the Group entered into an agreement with the Hong Kong Mortgage Corporation Limited to obtain a HK\$4 billion loan financing. As at 30 September 2006, the transaction has not been completed.

17 Units in issue

	30 September 2006 (Unaudited)	31 March 2006 (Audited)
Units at end of the financial period	2,137,454,000	2,137,454,000

Traded market value of the units as of 30 September 2006 was HK\$16.22 per unit. Based on 2,137,454,000 units, market capitalisation was HK\$34,670 million.

18 Capital commitments

	30 September 2006 (Unaudited) HK\$'M	31 March 2006 (Audited) HK\$'M
Improvements projects to existing investment properties		
Authorised but not contracted for	58	84
Contracted but not provided for	254	116
	312	200

19 Connected party transactions and significant related party transactions and balances

The table set forth below summarised the names of the connected parties, as defined in the REIT Code, and nature of relationship with The Link REIT as at 30 September 2006:

Connected party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) *	The Trustee of The Link REIT
The Hongkong and Shanghai Banking Corporation Limited and its associates (the “HSBC Group”) *	Related parties of the Trustee
CapitaLand Limited (the “Strategic Partner”) *	The Strategic Partner of The Link REIT and common director
CB Richard Ellis Limited (the “Principal Valuer”)	The Principal Valuer of The Link REIT
The Children’s Investment Master Fund	A significant unitholder of The Link REIT
The Wing Hang Bank Limited	Common director
Boyden Management Consulting Asia Limited/ Boyden China Limited	Common director

* These connected parties are also considered as the related parties of the Group, transactions and balances carried out with these related parties are disclosed in notes (a) and (b) below.

(a) Transactions with connected parties/related parties

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

	HK\$’M
Trustee fee paid and payable to the Trustee (i) (ii)	(1)
Fee paid and payable to Strategic Partner (i) (iii)	(1)
Transactions with the HSBC Group (i) (iv)	
Interest expense to the HSBC Group on bank borrowings	(263)
Rental income from the HSBC Group on leasing of retail units	7
Interest income from the HSBC Group on short term deposits	28

Notes:

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreement governing the transactions.
- (ii) The Trustee is entitled to receive an annual trustee fee (calculated and paid monthly) at a rate of 0.008% 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 The Link REIT from time to time, subject to a minimum of HK\$150,000 per month.
- (iii) The Strategic Partner is entitled to receive a base fee equal to the costs and expenses reasonably incurred by the Strategic Partner in the performance of its duties and obligations under the Co-operation Agreement from the Listing Date until the termination of its appointment under the Co-operation Agreement.

19 Connected party transactions and significant related party transactions and balances (Continued)

(a) Transactions with connected parties/related parties (Continued)

Notes: (Continued)

- (iv) The transactions with HSBC Group were in accordance with market rates.
- (v) Pursuant to a bank borrowing agreement, the Trustee executed a guarantee in favour of the banks providing the facility in relation to the obligations of the Group.

(b) Balances with related parties

The following balances were carried out with related parties:

	30 September 2006 (Unaudited) <i>HK\$'M</i>	31 March 2006 (Audited) <i>HK\$'M</i>
Borrowings from the HSBC Group (Note 16)	8,569	12,169
Short term deposits and savings placed with HSBC Group	1,461	746
Net interest payable to the HSBC Group	30	50
Strategic Partner fee payable to CapitaLand Limited (Note)	1	1

Note:

The balances are unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Interim Financial Statements

20 Subsidiaries

The Group held the following wholly owned subsidiaries as at 30 September 2006:

Name	Place of establishment and kind of legal entity/ place of operations	Principal activities	Particulars of issued share capital	Interest held
<i>Directly held:</i>				
The Link Holdings Limited	Cayman Islands, limited liability company/Hong Kong	Investment holding company	US\$1	100%
The Link Management Limited	Hong Kong, limited liability company/Hong Kong	Asset management company	HK\$5,000,001	100%
<i>Indirectly held:</i>				
The Link Properties Limited	Cayman Islands, limited liability company/Hong Kong	Property holding company	US\$1	100%
The Link Finance Limited	Hong Kong, limited liability company/Hong Kong	Financing company	HK\$1	100%
The Link Finance (Cayman) 2006 Limited	Cayman Islands, limited liability company/Hong Kong	Financing company	US\$1	100%

21 Approval of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements were authorised for issue by the Manager on 21 November 2006.

Performance Table

As at 30 September 2006

	For the six months ended 30 September 2006	From 6 September 2005 to 31 March 2006
Net assets attributable to unitholders	HK\$24,540 million	HK\$ 23,715 million
Net asset value per unit	HK\$11.48	HK\$ 11.09
The highest premium of the traded price to net asset value (<i>Note a</i>)	HK\$5.97	HK\$ 6.96
Net yield per unit (<i>Note b</i>)	3.73%	5.79%
Net yield (annualised) per unit (<i>Note b</i>)	7.46%	16.65%
Number of units in issue	2,137,454,000	2,137,454,000

Note:

- (a) The highest premium is calculated based on the highest traded price of HK\$17.45 on the Hong Kong Stock Exchange during the period from 1 April 2006 to 30 September 2006. The lowest traded price during the period was HK\$14.50 which is higher than the net asset value as at 30 September 2006. Accordingly, no discount of the traded price to net asset value is presented.
- (b) Net yield per unit is calculated based on profit after tax before transactions with unitholders per unit for the interim reporting period ended 30 September 2006 over the last traded price of HK\$16.22.

Properties Portfolio

I. Properties which both legal and beneficial title are held by The Link REIT as at 30 September 2006

1.	Butterfly Shopping Centre	35.	Kin Sang Shopping Centre	71.	Tin Chak Shopping Centre
2.	Cheung Fat Shopping Centre	36.	Carpark within King Lai Court	72.	Tin Ma Court Commercial Centre
3.	Retail and Carpark within Cheung On Estate	37.	King Lam Shopping Centre	73.	Tin Ping Shopping Centre
4.	Cheung Wah Shopping Centre	38.	Retail and Carpark within Ko Chun Court	74.	Tin Shing Shopping Centre
5.	Retail and Carpark within Ching Wah Court	39.	Kwai Hing Shopping Centre	75.	Retail and carpark within Tin Wang Court
6.	Carpark within Ching Wang Court	40.	Carpark within Kwai Hong Court	76.	Carpark within Tin Yau Court
7.	Retail and Carpark within Choi Ha Estate	41.	Kwong Tin Shopping Centre	77.	Tin Yiu Shopping Centre
8.	Choi Ming Shopping Centre	42.	Kwong Yuen Shopping Centre	78.	Retail and Carpark within Tong Ming Court
9.	Choi Yuen Shopping Centre	43.	Lei Cheng Uk Shopping Centre	79.	Tsing Yi Commercial Complex
10.	Carpark within Chuk Yuen (North) Estate	44.	Lei Tung Commercial Centre	80.	Tsui Lam Shopping Centre
11.	Chung Fu Shopping Centre	45.	Leung King Shopping Centre	81.	Tsui Ping North Shopping Circuit
12.	Chung On Shopping Centre	46.	Retail and Carpark within Lok Nga Court	82.	Retail and Carpark within Tsui Wan Estate
13.	Fu Cheong Shopping Centre	47.	Long Ping Commercial Centre	83.	Retail and Carpark within Tsz Oi Court
14.	Fu Heng Shopping Centre	48.	Carpark within Lower Wong Tai Sin (I) Estate	84.	Retail and Carpark within Tung Hei Court
15.	Fu Shin Shopping Centre	49.	Retail and Carpark within Mei Chung Court	85.	Retail and Carpark within Tung Tau Estate
16.	Fu Tai Shopping Centre	50.	Carpark within Ming Nga Court	86.	Wah Kwai Shopping Centre
17.	Carpark within Fung Lai Court	51.	Retail and Carpark within Nam Cheong Estate	87.	Carpark within Wah Lai Estate
18.	Fung Tak Shopping Centre	52.	Carpark within Ning Fung Court	88.	Wah Ming Shopping Centre
19.	Retail and Carpark within Fung Wah Estate	53.	Oi Man Shopping Centre	89.	Wan Tau Tong Shopping Centre
20.	Hau Tak (II) Shopping Centre	54.	Oi Tung Shopping Centre	90.	Carpark within Wang Fuk Court
21.	Heng On Commercial Centre	55.	On Yam Shopping Centre	91.	Retail and carpark within Wo Ming Court
22.	Hin Keng Shopping Centre	56.	Carpark within Pang Ching Court	92.	Retail and Carpark within Yan Ming Court
23.	Hing Tin Commercial Centre	57.	Po Hei Court Commercial Centre	93.	Retail and Carpark within Yan Shing Court
24.	Hiu Lai Shopping Centre	58.	Po Lam Shopping Centre	94.	Yau Mei & Ko Cheung (Lei Yue Mun Plaza)
25.	Ho Man Tin Plaza	59.	Retail and Carpark within Po Nga Court	95.	Carpark within Yee Kok Court
26.	Hoi Fu Shopping Centre	60.	Carpark within Po Pui Court	96.	Carpark within Yee Nga Court
27.	Carpark within Hong Keung Court	61.	Carpark within San Wai Court	97.	Yin Lai Court Shopping Centre
28.	Retail and Carpark within Hong Pak Court	62.	Shan King Commercial Centre	98.	Retail and Carpark within Ying Fuk Court
29.	Retail and Carpark within Hong Shui Court	63.	Siu Hei Commercial Centre	99.	Carpark within Ying Ming Court
30.	Retail and Carpark within Hong Yat Court	64.	Siu Lun Shopping Centre	100.	Yiu On Shopping Centre
31.	Carpark within Ka Tin Court	65.	Retail and Carpark within Siu On Court	101.	Yu Chui Shopping Centre
32.	Carpark within Kam On Court	66.	Sui Wo Court Commercial Centre	102.	Carpark within Yue On Court
33.	Kam Tai Shopping Centre	67.	Retail and Carpark within Tai Ping Estate	103.	Yung Shing Shopping Centre
34.	Kam Ying Court Shopping Centre	68.	Tai Wo Shopping Centre		
		69.	Tak Tin Shopping Centre		
		70.	Carpark within Tin King Estate		

II. Properties which beneficial title are held by The Link REIT as at 30 September 2006

104.	Retail and Carpark within Ap Lei Chau Estate	130.	Lok Fu Shopping Centre	157.	Sun Tin Wai Commercial Centre
105.	Cheung Hang Shopping Centre	131.	Lok Wah Commercial Centre	158.	Tai Hing Commercial Centre
106.	Cheung Hong Commercial Centre	132.	Retail and Carpark within Lok Wah (South) Estate	159.	Tai Wo Hau Commercial Centre
107.	Retail and Carpark within Cheung Wang Court	133.	Wong Tai Sin Shopping Centre	160.	Tai Yuen Commercial Centre
108.	Retail and Carpark within Choi Fai Estate	134.	Lung Hang Commercial Centre	161.	Tin Shui Shopping Centre
109.	Choi Wan Commercial Complex	135.	Stanley Plaza	162.	Tin Tsz Shopping Centre
110.	Chuk Yuen Shopping Centre	136.	Mei Lam Commercial Centre	163.	Retail and Carpark within Tin Wah Estate
111.	Chun Shek Shopping Centre	137.	Ming Tak Shopping Centre	164.	Tin Wan Shopping Centre
112.	Fortune Shopping Centre	138.	On Ting Commercial Complex	165.	Retail and Carpark within Tin Yat Estate
113.	Fu Tung Shopping Centre	139.	Ping Tin Shopping Centre	166.	Carpark within Tin Yuet Estate
114.	Hing Man Commercial Centre	140.	Po Tat Shopping Centre	167.	Carpark within Tsui Ping South Estate
115.	Hing Tung Shopping Centre	141.	Po Tin Shopping Centre	168.	Tsz Ching Shopping Centre (I) & (II)
116.	Hing Wah Shopping Centre	142.	Sam Shing Commercial Centre	169.	Tsz Lok (Tsz Wan Shan Shopping Centre)
117.	Retail and Carpark within Hung Hom Estate	143.	Sau Mau Ping Shopping Centre	170.	Carpark within Tsz Man Estate
118.	Ka Fuk Shopping Centre	144.	Carpark within Sau Mau Ping (I) Estate	171.	Un Chau Shopping Centre
119.	Kai Tin Shopping Centre	145.	Retail and Carpark within Sau Mau Ping (III) Estate	172.	Carpark within Upper Ngau Tau Kok Estate
120.	Kai Yip Commercial Centre	146.	Sha Kok Commercial Centre	173.	Lung Cheung Mall
121.	Carpark within Kin Ming Estate	147.	Shek Lei Shopping Centre Phase I	174.	Wah Sum Shopping Centre
122.	Retail and Carpark within Ko Yee Estate	148.	Shek Lei Shopping Centre Phase II	175.	Wan Tsui Commercial Complex
123.	Kwai Fong Shopping Centre	149.	Shek Wai Kok Commercial Centre	176.	Wang Tau Hom (Wang Fai Centre)
124.	Kwai Shing East Shopping Centre	150.	Shek Yam Shopping Centre	177.	Wo Che Commercial Centre
125.	Kwong Fuk Commercial Centre	151.	Sheung Tak Shopping Centre	178.	Yat Tung Shopping Centre
126.	Lai Kok Shopping Centre	152.	Shun Lee Commercial Centre	179.	Yau Oi Commercial Centre
127.	Carpark within Lai On Estate	153.	Shun On Commercial Centre	180.	Yiu Tung Shopping Centre
128.	Lee On Shopping Centre	154.	Retail and Carpark within Shun Tin Estate		
129.	Lek Yuen Commercial Complex	155.	Siu Sai Wan Shopping Centre		
		156.	Sun Chui Shopping Centre		

Corporate Information

Board of Directors of the Manager

Chairman

(also an Independent Non-executive Director)

CHENG Ming Fun Paul

Executive Director and Chief Executive Officer

SO Hing Woh Victor

Non-executive Directors

HO Chi On John

LIEW Mun Leong

PUA Seck Guan

Independent Non-executive Directors

Michael Ian ARNOLD

CHAO Tse Hou Leslie

CHOW Wing Kin Anthony

FUNG Yuk Bun Patrick

KO Kam Chuen Stanley

LEE Nai Shee Harry

Patrick SUN

Allan ZEMAN

Trustee

HSBC Institutional Trust Services (Asia) Limited

Company Secretary to the Manager

LAM Wan Ting

Auditors of The Link REIT

PricewaterhouseCoopers

Principal Valuer

CB Richard Ellis Limited

Hong Kong Legal Advisor

Linklaters

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

Registered Office of the Manager

18th Floor, 8 Queen's Road Central
Hong Kong

Unit Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
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The Link Real Estate Investment Trust

