



## The Link Real Estate Investment Trust

(a Hong Kong unit trust 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 2007

The board of directors (the “Board”) of The Link Management Limited (the “Manager”), as Manager of The Link Real Estate Investment Trust (“The Link REIT”) is pleased to report the unaudited interim results of The Link REIT and its subsidiaries (the “Group”) for the six months ended 30 September 2007.

#### FINANCIAL HIGHLIGHTS

		<b>Six months ended 30 September 2007 (Unaudited)</b>	Six months ended 30 September 2006 (Unaudited)	Changes %
Revenue	<i>HK\$M</i>	<b>2,056</b>	1,956	5.11%
Net property income	<i>HK\$M</i>	<b>1,243</b>	1,164	6.79%
Distributable income	<i>HK\$M</i>	<b>776</b>	702	10.54%
Distribution per unit (DPU)				
Interim DPU for the period	<i>HK cents</i>	<b>36.11</b>	32.81	10.06%
Distribution yield (annualised)				
on listing price of HK\$10.30 per unit	%	<b>7.01</b>	6.37	10.05%
on market price as at period end	%	<b>4.22</b>	4.05	4.20%
Expenditure to income ratio for the period	%	<b>39.53</b>	40.50	(2.40%)
Expenditure to income ratio excluding estate common area costs for the period	%	<b>37.55</b>	39.16	(4.11%)
Occupancy rate at period end	%	<b>90.5</b>	92.3	(1.95%)
Composite reversion rate for the period	%	<b>13.69</b>	4.89	179.96%
Composite reversion rate for the period excluding education/welfare	%	<b>13.92</b>	5.22	166.67%

		<b>Six months ended 30 September 2007 (Unaudited)</b>	Six months ended 30 September 2006 (Unaudited)	Changes %
Average base unit rent excluding self use offices at period end (per square foot)	<i>HK\$</i>	<b>24.4</b>	23.0	6.09%
Average base unit rent excluding self use offices, education/welfare, HD office and ancillary at period end (per square foot)	<i>HK\$</i>	<b>26.6</b>	25.4	4.72%
Retention rate for the period	%	<b>73.21</b>	91.40	(19.90%)
Number of turnover rent tenants at period end		<b>752</b>	408	84.31%
Carpark income per bay per month	<i>HK\$</i>	<b>955.1</b>	912.7	4.65%
Carpark utilisation rate at period end	%	<b>71.6</b>	72.7	(1.51%)
		<b>As at 30 September 2007</b>	As at 31 March 2007	Changes %
Valuation of investment properties at period/year end	<i>HK\$M</i>	<b>42,352</b>	39,557	7.07%
Net asset value at period/year end	<i>HK\$M</i>	<b>29,259</b>	26,789	9.22%
Net asset value per unit at period/year end	<i>HK\$</i>	<b>13.62</b>	12.53	8.70%
Market price per unit at period/year end	<i>HK\$</i>	<b>17.10</b>	18.80	(9.04%)
Market capitalisation at period/year end	<i>HK\$M</i>	<b>36,738</b>	40,184	(8.58%)
Premium of unit price to net asset value per unit at period/year end	%	<b>25.55</b>	50.04	(48.94%)
Borrowings to total assets ratio at period/year end	%	<b>25.23</b>	26.92	(6.28%)

## TOTAL DISTRIBUTABLE INCOME

Total Distributable Income was HK\$776 million for the six months ended 30 September 2007 as compared to HK\$702 million for the same period last year. It is the Manager's current policy to distribute to unitholders 100% of The Link REIT's Total Distributable Income. The distribution per unit for the six months ended 30 September 2007 is HK36.11 cents (30 September 2006: HK32.81 cents) which represents an annualised distribution yield of 4.22% based on the last traded price of HK\$17.10 as of 30 September 2007.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### Condensed Consolidated Interim Income Statement

For the six months ended 30 September 2007

	<i>Note</i>	Six months ended 30 September 2007 (Unaudited) <i>HK\$'M</i>	Six months ended 30 September 2006 (Unaudited) <i>HK\$'M</i>
Revenues	3	2,056	1,956
Property operating expenses	5	<u>(813)</u>	<u>(792)</u>
Net property income		1,243	1,164
General and administrative expenses		(47)	(41)
Change in fair values of investment properties		<u>2,655</u>	<u>707</u>
Operating profit	6	3,851	1,830
Interest income		39	28
Finance costs on interest bearing liabilities	7	<u>(310)</u>	<u>(292)</u>
Profit before taxation and transactions with unitholders		3,580	1,566
Taxation	9	<u>(602)</u>	<u>(274)</u>
Profit for the period, before transactions with unitholders	10	2,978	1,292
Distribution paid to unitholders ( <i>Note (iii)</i> )		<u>(739)</u>	<u>(467)</u>
		<u><u>2,239</u></u>	<u><u>825</u></u>
Represented by:			
Change in net assets attributable to unitholders		2,283	825
Amount arising from cash flow hedging reserve movement	19	<u>(44)</u>	<u>—</u>
		<u><u>2,239</u></u>	<u><u>825</u></u>

*Notes:*

- (i) Total Distributable Income for the six months ended 30 September 2007 is determined in the Statement of Distributions. The distribution declared in respect of this financial period as set out in the Statement of Distributions will be paid out to unitholders on or about 15 January 2008.
- (ii) Earnings per unit, based upon profit after taxation and before transactions with unitholders and the average number of units in issue, is set out in note 10 to the condensed consolidated interim financial information.
- (iii) This represents the final distribution of HK\$739 million for the year ended 31 March 2007 (31 March 2006: HK\$467 million) paid during the period.

## Statement of Distributions

For the six months ended 30 September 2007

	<i>Note</i>	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Profit for the period, before transactions with unitholders		<b>2,978</b>	1,292
Adjustments:			
Change in fair values of investment properties		<b>(2,655)</b>	(707)
Deferred taxation on change in fair values of investment properties		<b>465</b>	124
Other non-cash income		<b>(12)</b>	(7)
Total Distributable Income		<b><u>776</u></b>	<u>702</u>
Interim distribution, to be paid to the unitholders		<b><u>776</u></b>	<u>702</u>
As a percentage of Total Distributable Income		<b><u>100%</u></b>	<u>100%</u>
Units in issue	18	<b><u>2,148,434,317</u></b>	<u>2,137,454,000</u>
Distribution per unit for the period		<b><u>HK36.11 cents</u></b>	<u>HK32.81 cents</u>

### 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 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 distribution for the interim reporting period ended 30 September 2007. The distribution will be paid to unitholders on or about 15 January 2008.
- (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.

**Condensed Consolidated Interim Balance Sheet**  
As at 30 September 2007

	<i>Note</i>	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
<b>Non-current assets</b>			
Goodwill		3,988	3,988
Investment properties	11	42,352	39,557
Property, plant and equipment	12	<u>50</u>	<u>52</u>
		<u>46,390</u>	<u>43,597</u>
<b>Current assets</b>			
Trade and other receivables	13	141	92
Deposits and prepayments		23	18
Short term bank deposits	14	1,672	1,475
Cash and cash equivalents	14	<u>49</u>	<u>53</u>
		<u>1,885</u>	<u>1,638</u>
<b>Total assets</b>		<u>48,275</u>	<u>45,235</u>
<b>Current liabilities</b>			
Trade payable, receipts in advance and accruals	15	715	738
Security deposits		345	318
Provision for taxation		77	—
Interest bearing liabilities	16	<u>2,198</u>	<u>—</u>
		<u>3,335</u>	<u>1,056</u>
<b>Net current (liabilities)/assets</b>		<u>(1,450)</u>	<u>582</u>
<b>Total assets less current liabilities</b>		<u>44,940</u>	<u>44,179</u>
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Interest bearing liabilities	16	9,983	12,177
Deferred tax liabilities		5,627	5,102
Other non-current liabilities	17	<u>71</u>	<u>111</u>
		<u>15,681</u>	<u>17,390</u>
<b>Total liabilities, excluding net assets attributable to unitholders</b>		<u>19,016</u>	<u>18,446</u>
<b>Net assets attributable to unitholders</b>		<u>29,259</u>	<u>26,789</u>
Units in issue	18	<u>2,148,434,317</u>	<u>2,137,454,000</u>
Net asset value per unit		<u>HK\$13.62</u>	<u>HK\$12.53</u>

**Condensed Consolidated Interim Statement of  
Changes in Equity and Net Assets Attributable to Unitholders**  
*For the six months ended 30 September 2007*

	<i>Note</i>	<b>Total equity HK\$'M</b>	<b>Net assets attributable to unitholders HK\$'M</b>	<b>Total HK\$'M</b>
Equity/net asset value attributable to unitholders at 1 April 2006		—	23,715	23,715
Profit for the period ended 30 September 2006, before transactions with unitholders		—	1,292	1,292
Distribution paid to unitholders		—	(467)	(467)
Change in net assets attributable to unitholders for the period ended 30 September 2006		<u>—</u>	<u>825</u>	<u>825</u>
Equity/net asset value attributable to unitholders at 30 September 2006		<u>—</u>	<u>24,540</u>	<u>24,540</u>
Equity/net asset value attributable to unitholders at 1 April 2007		—	<b>26,789</b>	<b>26,789</b>
Issuance of units under distribution reinvestment scheme		—	<b>187</b>	<b>187</b>
Profit for the period ended 30 September 2007, before transactions with unitholders		—	<b>2,978</b>	<b>2,978</b>
Distribution paid to unitholders		—	<b>(739)</b>	<b>(739)</b>
Change in fair values of cash flow hedges	<i>19</i>	<b>44</b>	—	<b>44</b>
Amount arising from cash flow hedging reserve movement	<i>19</i>	<b>(44)</b>	<b>44</b>	—
Change in net assets attributable to unitholders for the period ended 30 September 2007		<u>—</u>	<u><b>2,283</b></u>	<u><b>2,283</b></u>
Equity/net asset value attributable to unitholders at 30 September 2007		<u>—</u>	<u><b>29,259</b></u>	<u><b>29,259</b></u>

## Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 September 2007

	Six months ended 30 September 2007 (Unaudited) HK\$'M	Six months ended 30 September 2006 (Unaudited) HK\$'M
<b>Operating activities</b>		
<b>Net cash generated from operating activities</b>	<b>1,160</b>	<b>1,491</b>
<b>Investing activities</b>		
Additions to investment properties	(140)	(36)
Additions to property, plant and equipment	(6)	(8)
Interest income received	35	19
Increase in short term bank deposits with original maturity of more than three months	(197)	(777)
<b>Net cash used in investing activities</b>	<b>(308)</b>	<b>(802)</b>
<b>Financing activities</b>		
Proceeds from interest bearing liabilities, net of transaction costs	—	3,588
Repayment of interest bearing liabilities	—	(3,600)
Interest expenses paid on interest bearing liabilities	(304)	(273)
Distribution paid to unitholders	(552)	(467)
<b>Net cash used in financing activities</b>	<b>(856)</b>	<b>(752)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4)</b>	<b>(63)</b>
Cash and cash equivalents at the beginning of the period	53	314
<b>Cash and cash equivalents at the end of the period</b>	<b>49</b>	<b>251</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. Corporate Information

The Link REIT is an authorised unit trust under section 104 of the Securities and Futures Ordinance (the “SFO”). The Link REIT is governed by a trust deed (“Trust Deed”) entered into on 6 September 2005 (as amended and supplemented by the First Supplemental Deed dated 4 November 2005, the Second Supplemental Deed dated 8 November 2005, the Third Supplemental Deed dated 16 January 2006, the Fourth Supplemental Deed dated 21 November 2006, the Fifth Supplemental Deed dated 13 July 2007 and the Sixth Supplemental Deed dated 23 July 2007).

The principal activity of the Group is investment in retail and carpark operations (“RC Operations”) in Hong Kong. The address of the 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 and accounting policies

The condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 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 financial statements for the year ended 31 March 2007.

The accounting policies adopted are consistent with those set out in the audited financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied the following new standards, amendments to standards and interpretations issued by the HKICPA, which are effective for the Group’s accounting periods beginning on or after 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions

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



The following new standards, amendments to standards and interpretations which have been published but are not yet effective, have not been early adopted in these condensed consolidated interim financial information. These are effective for the Group's accounting periods beginning on or after 1 April 2008.

HKAS 23 (Revised)	Borrowing Costs, effective for accounting periods beginning on or after 1 January 2009;
HKFRS 8	Operating Segments, effective for accounting periods beginning on or after 1 January 2009;
HK(IFRIC)-Int 12	Service Concession Arrangements, effective for accounting periods beginning on or after 1 January 2008;
HK(IFRIC)-Int 13	Customer Loyalty Programmes; effective for accounting periods beginning on or after 1 July 2008; and
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; effective for accounting periods beginning on or after 1 January 2008.

The Group will adopt the above when they become effective. The Manager does not expect the adoption of the above will have significant impact on the condensed consolidated interim financial information of the Group.

### 3. Revenues

Revenues recognised during the period comprise:

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Rental income from retail properties	1,477	1,401
Gross rental receipts from carparks	<u>456</u>	<u>435</u>
	----- 1,933	----- 1,836
Other revenues		
Air conditioning service fees	121	118
Other property related income	<u>2</u>	<u>2</u>
	----- 123	----- 120
Total revenues	<u><u>2,056</u></u>	<u><u>1,956</u></u>

Lease arrangements with tenants provide for base monthly rental charges and recovery of certain outgoings. Additional rents based on business turnover amounting to HK\$23 million (2006: HK\$12 million) have been included in the rental income.

#### 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>
<b>For the six months ended</b>				
<b>30 September 2007 (Unaudited)</b>				
Revenues	<u>1,600</u>	<u>456</u>	<u>—</u>	<u>2,056</u>
Segment results	987	256	(47)	1,196
Change in fair values of investment properties	2,351	304	—	2,655
Interest income				39
Finance costs on interest bearing liabilities				<u>(310)</u>
Profit before taxation and transactions with unitholders				3,580
Taxation				<u>(602)</u>
Profit for the period, before transactions with unitholders				<u>2,978</u>
Capital expenditure	133	7	6	146
Depreciation	<u>—</u>	<u>—</u>	<u>(6)</u>	<u>(6)</u>
<b>As at 30 September 2007 (Unaudited)</b>				
Segment assets	34,810	7,654	102	42,566
Goodwill				3,988
Short term bank deposits				1,672
Cash and cash equivalents				<u>49</u>
Total assets				<u>48,275</u>
Segment liabilities	852	94	191	1,137
Interest bearing liabilities				12,181
Deferred tax liabilities				5,627
Other non-current liabilities				<u>71</u>
Total liabilities				<u>19,016</u>
Net assets attributable to unitholders				<u>29,259</u>

	<b>Retail properties</b> <i>HK\$'M</i>	<b>Carparks</b> <i>HK\$'M</i>	<b>Head office</b> <i>HK\$'M</i>	<b>Total</b> <i>HK\$'M</i>
<b>For the six months ended</b>				
<b>30 September 2006 (Unaudited)</b>				
Revenues	<u>1,521</u>	<u>435</u>	<u>—</u>	<u>1,956</u>
Segment results	932	232	(41)	1,123
Change in fair values of investment properties	706	1	—	707
Interest income				28
Finance costs on interest bearing liabilities				<u>(292)</u>
Profit before taxation and transactions with unitholders				1,566
Taxation				<u>(274)</u>
Profit for the period, before transactions with unitholders				<u>1,292</u>
Capital expenditure	31	5	8	44
Depreciation	<u>—</u>	<u>—</u>	<u>(4)</u>	<u>(4)</u>
<b>As at 31 March 2007 (Audited)</b>				
Segment assets	32,294	7,340	85	39,719
Goodwill				3,988
Short term bank deposits				1,475
Cash and cash equivalents				<u>53</u>
Total assets				<u>45,235</u>
Segment liabilities	830	112	114	1,056
Interest bearing liabilities				12,177
Deferred tax liabilities				5,102
Other non-current liabilities				<u>111</u>
Total liabilities				<u>18,446</u>
Net assets attributable to unitholders				<u>26,789</u>

**5. Property operating expenses**

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Property managers' fees, security and cleaning	278	302
Staff costs ( <i>Note 8</i> )	61	48
Government rent and rates	50	54
Repairs and maintenance	106	101
Utilities	211	211
Promotion and marketing expenses	27	22
Estate common area costs	41	26
Other property operating expenses	<u>39</u>	<u>28</u>
	<b><u>813</u></b>	<b><u>792</u></b>

**6. Operating profit before finance costs, taxation and transactions with unitholders**

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Operating profit before finance costs, taxation and transactions with unitholders is stated after charging:		
Staff costs ( <i>Note 8</i> )	84	64
Depreciation of property, plant and equipment	6	4
Loss on disposal of fixed assets	2	—
Strategic partner fee	1	1
Trustee's remuneration	2	1
Valuation fee	1	—
Auditor's remuneration	1	1
Operating lease charges	2	2
Other legal and professional fees	<u>3</u>	<u>8</u>

**7. Finance costs on interest bearing liabilities**

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Interest expenses on interest bearing liabilities wholly repayable within five years ( <i>Note 16</i> )	<u><b>310</b></u>	<u>292</u>

**8. Staff costs**

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Wages and salaries	78	63
Contributions to Mandatory Provident Fund Scheme	2	1
Long-term incentive plan ( <i>Note a</i> )	<u>4</u>	<u>—</u>
	<u><b>84</b></u>	<u>64</u>

Staff costs can be further analysed as below:

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Included under property operating expenses ( <i>Note 5</i> )	61	48
Included under general and administrative expenses	<u>23</u>	<u>16</u>
	<u><b>84</b></u>	<u>64</u>

*Note:*

(a) *Long-term incentive plan*

During the period, the Group adopted the Long-term Incentive Plan (the “Plan”), which was approved by an ordinary resolution on 23 July 2007 at the annual general meeting of the unitholders. The Plan shall be valid and effective for 10 years commencing on the adoption date.

Under the Plan, the Manager may grant three types of awards, the Restricted Unit Awards, Unit Option and Conditional Cash Awards (the “Awards”) to eligible employees of the Group.

During the period, certain employees were granted the Restricted Unit Awards at nil consideration. The Restricted Unit Awards granted under the related plan, in general, are fully vested in three years from the date of grant and the eventual units to be issued under the Restricted Unit Awards are linked to the performance of The Link REIT.

The Group recognises the employee services received in exchange for the grant of the Awards as an expense, with a corresponding increase in the liability incurred, at fair value as the employees render services. This expense is to be charged to the income statement over the vesting period. Until the liability is settled, the fair value of the liability is re-measured at each balance sheet date and at the date of settlement, with any changes in fair value recognised in the income statement for the period. The expense arising from the above Awards for the interim period ended 30 September 2007, which was charged to the income statement for the current period, amounts to HK\$4 million.

## 9. Taxation

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the period. For the period ended 30 September 2006, no current taxation has been provided for as the Group has no estimated assessable profit.

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

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Current taxation	77	—
Deferred taxation	<u>525</u>	<u>274</u>
	<b><u>602</u></b>	<b><u>274</u></b>

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

	<b>Six months ended 30 September 2007 (Unaudited)</b>	Six months ended 30 September 2006 (Unaudited)
Profit for the period, before transactions with unitholders	<b><u>HK\$2,978 million</u></b>	<b><u>HK\$1,292 million</u></b>
Weighted average number of units for the period	<b><u>2,139,854,069</u></b>	<b><u>2,137,454,000</u></b>
Earnings per unit based on profit after taxation, before transactions with unitholders, basic and diluted	<b><u>HK\$1.39</u></b>	<b><u>HK\$0.60</u></b>

## 11. Investment properties

- (a) Details of the movements of investment properties are as follows:

	<b>Retail properties</b> <i>HK\$'M</i>	<b>Carparks</b> <i>HK\$'M</i>	<b>Total</b> <i>HK\$M</i>
At 1 April 2006	29,098	6,674	35,772
Additions	239	32	271
Change in fair values	<u>2,914</u>	<u>600</u>	<u>3,514</u>
At 31 March 2007	<u>32,251</u>	<u>7,306</u>	<u>39,557</u>
At 1 April 2007	<b>32,251</b>	<b>7,306</b>	<b>39,557</b>
Additions	<b>133</b>	<b>7</b>	<b>140</b>
Change in fair values	<u>2,351</u>	<u>304</u>	<u>2,655</u>
At 30 September 2007	<u><b>34,735</b></u>	<u><b>7,617</b></u>	<u><b>42,352</b></u>

- (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 remaining lease periods of the government lease profile of these properties with government leases granted range from 36 to 50 years.

By virtue of the Property Agreement with the Hong Kong Housing Authority in respect of the acquisition of the RC Operations, the Group as the beneficial owner, is legally entitled to operate all these properties as if it was the legal owner.

- (c) Fair values

The investment properties were revalued on an open market value basis as at 30 September 2007 by CB Richard Ellis Limited (“CBRE”), an independent firm of professional qualified valuers. In arriving at the market values, CBRE has 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 (see note (b) above).

- (d) REIT Code restrictions

In accordance with the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (“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.

- (e) Security for the Group’s loan facilities

As at 30 September 2007, certain of the Group’s investment properties, amounting to approximately HK\$4.8 billion (31 March 2007: HK\$4.4 billion), were mortgaged to secure the Group’s loan facilities.

## 12. Property, plant and equipment

	Leasehold improvements <i>HK\$'M</i>	Motor vehicles <i>HK\$'M</i>	Equipment <i>HK\$'M</i>	Total <i>HK\$'M</i>
At 1 April 2006	4	2	26	32
Additions	16	2	11	29
Depreciation charge for the year	<u>(1)</u>	<u>(1)</u>	<u>(7)</u>	<u>(9)</u>
At 31 March 2007	<u>19</u>	<u>3</u>	<u>30</u>	<u>52</u>
At 31 March 2007				
Cost	21	4	39	64
Accumulated depreciation	<u>(2)</u>	<u>(1)</u>	<u>(9)</u>	<u>(12)</u>
Net book value	<u>19</u>	<u>3</u>	<u>30</u>	<u>52</u>
At 1 April 2007	<b>19</b>	<b>3</b>	<b>30</b>	<b>52</b>
Additions	<b>2</b>	—	<b>4</b>	<b>6</b>
Disposals	—	—	(3)	(3)
Depreciation charge for the period	(2)	—	(4)	(6)
Accumulated depreciation written back upon disposal	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>
At 30 September 2007	<u>19</u>	<u>3</u>	<u>28</u>	<u>50</u>
At 30 September 2007				
Cost	<b>23</b>	<b>4</b>	<b>40</b>	<b>67</b>
Accumulated depreciation	<u>(4)</u>	<u>(1)</u>	<u>(12)</u>	<u>(17)</u>
Net book value	<u>19</u>	<u>3</u>	<u>28</u>	<u>50</u>

## 13. Trade and other receivables

	30 September 2007 (Unaudited) <i>HK\$'M</i>	31 March 2007 (Audited) <i>HK\$'M</i>
Trade receivable ( <i>Note</i> )	64	51
Other receivables	<u>77</u>	<u>41</u>
	<u>141</u>	<u>92</u>

*Note:* Receivables are denominated in Hong Kong dollars and the carrying amounts of these receivables approximate their fair values.



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

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
0–30 days	<b>54</b>	47
31–90 days	<b>7</b>	2
Over 90 days	<b>3</b>	2
	<b><u>64</u></b>	<b><u>51</u></b>

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

#### 14. Cash and cash equivalents and short term bank deposits

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
Cash in hand	<b>2</b>	2
Cash at bank	<b>13</b>	22
Short term bank deposits with original maturity of less than three months	<b>34</b>	29
Cash and cash equivalents	<b>49</b>	53
Short term bank deposits with original maturity of more than three months	<b>1,672</b>	1,475
	<b><u>1,721</u></b>	<b><u>1,528</u></b>

Short term bank deposits at the balance sheet date mature approximately 74 days (31 March 2007: 96 days) from the balance sheet date. The effective interest rate at the balance sheet date was 4.54% (31 March 2007: 4.09%) per annum.

**15. Trade payable, receipts in advance and accruals**

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
Trade payable	103	64
Receipts in advance	58	59
Accruals	<u>554</u>	<u>615</u>
	<u><b>715</b></u>	<u><b>738</b></u>

The ageing analysis of trade payable is as follows:

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
0–30 days	86	60
31–90 days	14	3
Over 90 days	<u>3</u>	<u>1</u>
	<u><b>103</b></u>	<u><b>64</b></u>

**16. Interest bearing liabilities**

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
Guaranteed notes	3,594	3,591
Syndicated loan	4,587	4,586
Other loan (secured)	<u>4,000</u>	<u>4,000</u>
	<b>12,181</b>	12,177
Less: Current portion of interest bearing liabilities	<u>(2,198)</u>	<u>—</u>
Non-current portion of interest bearing liabilities	<u><b>9,983</b></u>	<u><b>12,177</b></u>

Interest bearing liabilities are repayable as follows:

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
<b>Due in the first year</b>		
Guaranteed notes	2,198	—
<b>Due in the second year</b>		
Guaranteed notes	1,396	2,196
<b>Due in the third year</b>		
Guaranteed notes	—	1,395
Other loan (secured)	4,000	4,000
	4,000	5,395
<b>Due in the fifth year</b>		
Syndicated loan	4,587	4,586
	<b>12,181</b>	<b>12,177</b>

The effective interest rate of the interest bearing liabilities at the balance sheet date was 5.16% (31 March 2007: 4.66%). The carrying amounts of the interest bearing liabilities approximate their fair values.

#### 17. Other non-current liabilities

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
Long-term incentive plan payable ( <i>Note 8</i> )	4	—
Interest rate swaps — cash flow hedges ( <i>Note</i> )	67	111
	<b>71</b>	<b>111</b>

*Note:*

The Group uses interest rate swaps to minimise its exposure to movements in interest rates in relation to its floating rates interest bearing liabilities by swapping from floating rates to fixed rates. The full fair value of these cash flow hedges are classified as non-current items as the remaining maturities of the hedged items extend for more than 12 months. Any change in fair value of the effective portion of the cash flow hedges is recognised in hedging reserve. An amount of HK\$44 million has been credited to the hedging reserve during the period (Year ended 31 March 2007: HK\$111 million had been debited to the hedging reserve).

Derivative financial instruments qualifying as cash flow hedges as at 30 September 2007 have an average maturity of 4.1 years (31 March 2007: 4.6 years) from the balance sheet date. The notional principal amount and the average fixed interest rate of the outstanding interest rate swap contracts at 30 September 2007 were HK\$4 billion (31 March 2007: HK\$4 billion) and 5.05% (31 March 2007: 5.05%) respectively.

## 18. Units in issue

	<b>Number of units</b>
At 1 April 2006 and 1 April 2007	<b>2,137,454,000</b>
Units issued under distribution reinvestment scheme	<u><b>10,980,317</b></u>
At 30 September 2007	<u><u><b>2,148,434,317</b></u></u>

Traded market value of the units as of 30 September 2007 was HK\$17.10 (31 March 2007: HK\$18.80) per unit. Based on 2,148,434,317 units in issue as at 30 September 2007 (31 March 2007: 2,137,454,000 units), market capitalisation was HK\$36,738 million (31 March 2007: HK\$40,184 million).

## 19. Reserves

	<b>Hedging reserve <i>HK\$'M</i></b>	<b>Earnings retained for cash flow hedge adjustments <i>HK\$'M</i></b>	<b>Total reserves <i>HK\$'M</i></b>
At 1 April 2006	—	—	—
Change in fair values of cash flow hedges	(111)	—	(111)
Amount arising from cash flow hedging reserve movement	<u>—</u>	<u>111</u>	<u>111</u>
At 31 March 2007	<u>(111)</u>	<u>111</u>	<u>—</u>
At 1 April 2007	<b>(111)</b>	<b>111</b>	—
Change in fair values of cash flow hedges	<b>44</b>	—	<b>44</b>
Amount arising from cash flow hedging reserve movement	<u>—</u>	<u>(44)</u>	<u>(44)</u>
At 30 September 2007	<u><b>(67)</b></u>	<u><b>67</b></u>	<u>—</u>

## 20. Capital commitments

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
Improvement projects to existing investment properties		
Authorised but not contracted for	<b>894</b>	752
Contracted but not provided for	<b>339</b>	422
	<b>1,233</b>	1,174

## 21. Connected party transactions and significant related party transactions and balances

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

### (a) *Nature of relationship with connected/related parties*

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/ HKAS 24 “Related Party Disclosures”, and nature of their relationship with The Link REIT as at 30 September 2007:

<b>Connected/related party</b>	<b>Relationship with the Group</b>
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
Industrial and Commercial Bank of China (Asia) Limited (“ICBC”)*	Common director
Aedas Limited*	Common director

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

(b) *Transactions with connected/related parties*

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

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Trustee fee paid and payable to the Trustee (ii)	(2)	(1)
Fee paid and payable to the Strategic Partner (iii)	(1)	(1)
Valuation fee paid and payable to the Principal Valuer	(1)	—
Transactions with the HSBC Group (iv)		
Interest expense to the HSBC Group on interest bearing liabilities	(14)	(263)
Staff expense to the HSBC Group on medical/group life insurance	(1)	—
Rental income from the HSBC Group on leasing of retail units	6	7
Interest income from the HSBC Group on short term bank deposits	4	28
Transactions with ICBC (iv)		
Interest expense to ICBC on interest bearing liabilities	(4)	—
Rental income from ICBC on leasing of retail units	2	—
Architectural/renovation consultancy services fees paid and payable to Aedas Limited	(1)	—

*Notes:*

- (i) All connected party transactions were carried out in accordance with the terms of the relevant agreement governing the transactions and in the ordinary course of business.
- (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 and also a performance fee under the Co-operation Agreement from the listing date until the termination of its appointment under the Co-operation Agreement.
- (iv) The transactions with the HSBC Group and ICBC were in accordance with market rates.

(c) *Balances with related parties*

Balances with related parties are set out below:

	<b>30 September 2007 (Unaudited) HK\$'M</b>	31 March 2007 (Audited) HK\$'M
Interest bearing liabilities with the HSBC Group	(598)	(598)
Short term bank deposits and savings placed with the HSBC Group	185	497
Net interest receivable from the HSBC Group	1	6
Interest bearing liabilities with ICBC	(184)	—
Strategic Partner fee payable to CapitaLand Limited ( <i>Note</i> )	(1)	(1)
Architectural/renovation consultancy services fees payable to Aedas Limited	<u>(1)</u>	<u>—</u>

*Note:*

The balance is unsecured, interest-free and repayable on demand.

(d) *Key management compensation*

The aggregate amounts of emoluments of the directors of the Group are as follows:

	<b>Six months ended 30 September 2007 (Unaudited) HK\$'M</b>	Six months ended 30 September 2006 (Unaudited) HK\$'M
Fees	3	2
Basic salaries, allowances and other benefits	7	3
Long-term incentive plan ( <i>Note 8a</i> )	<u>1</u>	<u>—</u>
	<u><b>11</b></u>	<u><b>5</b></u>

## 22. Contingent liabilities

The Link Holdings Limited, a subsidiary, and the Trustee have jointly and severally executed guarantees in favour of a bank in respect of a facility granted to a subsidiary for issuance of bank guarantees to utilities companies. The facility amounts to HK\$70 million (31 March 2007: HK\$70 million), of which HK\$52 million has been utilised as at 30 September 2007 (31 March 2007: HK\$52 million).

## 23. Subsidiaries

The Link REIT held the following wholly owned subsidiaries as at 30 September 2007:

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	US\$1	100%
The Link Management Limited	Hong Kong, limited liability company/Hong Kong	Asset management	HK\$5,000,001	100%
<i>Indirectly held:</i>				
The Link Properties Limited	Cayman Islands, limited liability company/Hong Kong	Property holding	US\$1	100%
The Link Finance Limited	Hong Kong, limited liability company/Hong Kong	Financing	HK\$1	100%
The Link Finance (Cayman) 2006 Limited	Cayman Islands, limited liability company/Hong Kong	Financing	US\$1	100%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operational Review

The Link REIT was the first and is the largest Hong Kong REIT with a geographically diverse portfolio of 180 properties, comprising 149 integrated retail and carpark facilities, two standalone retail facilities and 29 standalone carpark facilities. As at 30 September 2007, the portfolio provided an internal floor area (“IFA”) of approximately 1,015,000 square metres of retail space and around 80,000 carpark spaces. Approximately 8%, 33% and 59% of the total IFA are located on Hong Kong Island, in Kowloon and the New Territories, respectively.

The Link Management Limited, acting as the Manager of The Link REIT is licensed by the Securities and Futures Commission (“SFC”) to conduct the regulated activity of asset management and is responsible for managing The Link REIT’s portfolio of 180 properties.



## Leasing

During the period under review, the Manager has continued with adopting a flexible leasing strategy in order to attract and retain tenants but also in keeping with asset enhancement plans, aligning tenancies for phased refurbishment/renovation work. In many such instances, tenancies have been renewed on terms of less than three years which is the usual term for commercial leases. Trade mix upgrading and planning is carried out on a continual basis and is done in line with planned expiry of tenancies as well as asset enhancement projects.

The occupancy rate of the retail facilities was 90.5% as at 30 September 2007 (30 September 2006: 92.3%). The utilisation rate for the carpark facilities, calculated as a percentage of total monthly tickets sold compared with the total number of monthly carpark spaces available as at 30 September 2007 was 71.6% (30 September 2006: 72.7%).

Category	Total IFA			Leased IFA			Vacant IFA		
	30 September 2007 (sqm)	31 March 2007 (sqm)	30 September 2006 (sqm)	30 September 2007 (sqm)	31 March 2007 (sqm)	30 September 2006 (sqm)	30 September 2007 (sqm)	31 March 2007 (sqm)	30 September 2006 (sqm)
Retail	797,499	795,405	782,054	737,642	733,782	734,274	59,857	61,623	47,780
Market	81,726	82,354	82,790	64,413	63,864	66,787	17,313	18,490	16,003
Cooked Food Stalls	14,238	14,193	14,238	8,789	9,213	9,395	5,449	4,980	4,843
Education/Welfare	85,819	85,379	86,234	79,579	80,414	80,883	6,240	4,965	5,351
HD office and ancillary	26,532	27,612	39,101	19,585	19,852	36,185	6,947	7,760	2,916
<b>Total excluding Self use offices</b>	<b>1,005,814</b>	1,004,943	1,004,417	<b>910,008</b>	907,125	927,524	<b>95,806</b>	97,818	76,893
Self use offices	9,158	10,335	11,321						
<b>Total including Self use offices</b>	<b>1,014,972</b>	<b>1,015,278</b>	<b>1,015,738</b>						
Excluding Self use offices, Education/Welfare only	919,995	919,564	918,183	830,429	826,711	846,641	89,566	92,853	71,542
Excluding Self use offices, Education/Welfare, HD office and ancillary	893,463	891,952	879,082	810,844	806,859	810,456	82,619	85,093	68,626

Category	Occupancy rate			Vacancy rate			Average base rent per leased IFA		
	30 September	31 March	30 September	30 September	31 March	30 September	30 September	31 March	30 September
	2007	2007	2006	2007	2007	2006	2007	2007	2006
	(%)	(%)	(%)	(%)	(%)	(%)	(HK\$psf)	(HK\$psf)	(HK\$psf)
Retail	92.5%	92.3%	93.9%	7.5%	7.7%	6.1%	24.0	23.3	22.8
Market	78.8%	77.5%	80.7%	21.2%	22.5%	19.3%	56.1	54.3	53.8
Cooked Food Stalls	61.7%	64.9%	66.0%	38.3%	35.1%	34.0%	31.5	30.7	30.3
Education/Welfare	92.7%	94.2%	93.8%	7.3%	5.8%	6.2%	4.4	4.3	4.3
HD office and ancillary	73.8%	71.9%	92.5%	26.2%	28.1%	7.5%	11.5	11.5	10.2
Total excluding Self use offices	<b>90.5%</b>	<b>90.3%</b>	<b>92.3%</b>	<b>9.5%</b>	<b>9.7%</b>	<b>7.7%</b>	<b>24.4</b>	<b>23.6</b>	<b>23.0</b>
Excluding Self use offices, Education/Welfare only	90.3%	89.9%	92.2%	9.7%	10.1%	7.8%	26.3	25.5	24.8
Excluding Self use offices, Education/Welfare, HD office and ancillary	90.8%	90.5%	92.2%	9.2%	9.5%	7.8%	26.6	25.9	25.4

During the six months ended 30 September 2007, the portfolio's average rent reversion rate was 13.69% (30 September 2006: 4.89%) and that for the retail shopping space was 15.44% (30 September 2006: 5.36%). The reversion rate at individual shopping centres showed a large variance as rental levels were affected by the local operating business environment 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.

We have also achieved good progress in increasing tenancies with turnover rent clauses so that we can share in the upside with our tenants as their businesses improve. As at 30 September 2007, the number of tenancies with such clauses has increased to 752 (30 September 2006: 408) with turnover rent for the six months period ended 30 September 2007 amounting to HK\$23 million (30 September 2006: HK\$12 million). Carpark income per bay per month for the period ended 30 September 2007 was approximately HK\$955 (30 September 2006: HK\$913).

	<b>Six months ended 30 September 2007</b>	Year ended 31 March 2007	Six months ended 30 September 2006
	%	%	%
<b>Composite Reversion Rate</b>			
Retail	<b>15.44</b>	11.09	5.36
Market	<b>7.60</b>	6.38	5.10
Cooked Food Stalls	<b>17.67</b>	7.21	7.61
Education/Welfare	<b>0.58</b>	0.82	1.14
Ancillary	<b>11.67</b>	11.22	9.12
Overall	<b>13.69</b>	9.87	4.89
Overall excluding Education/Welfare	<b>13.92</b>	10.28	5.22

	<b>Six months ended 30 September 2007</b>	Six months ended 30 September 2006
	<i>HK\$'M</i>	<i>HK\$'M</i>
<b>Revenue</b>		
Retail	<b>1,147</b>	1,067
Market	<b>231</b>	230
Cooked Food Stalls	<b>18</b>	20
Education/Welfare	<b>23</b>	23
HD offices and ancillary	<b>37</b>	45
Promotional venue	<b>21</b>	16
Carparks	<b>456</b>	435
Other revenues	<b>123</b>	120
Total	<b>2,056</b>	1,956

### *Portfolio Management*

The Manager has continued with its efforts in reducing operating costs. Expenditure to income ratio for the period was 39.5%, an improvement since the last interim results of 40.5%. Excluding estate common area costs, the expenditure to income ratio for our portfolio for the period was 37.6% (30 September 2006: 39.2%). The Manager will endeavour to control costs but it is inevitable, as more List 2 property titles are transferred to us, that government rent will increase. It is presently envisaged that all the property titles will be transferred by the end of 2008.

The installation of the carpark management information and automation system is progressing well and is expected to be completed by mid 2008. This new system, together with the upgrading and standardisation of CCTV systems, will further enhance operational efficiency, customer services and reduce operating costs.

### *Marketing and Promotion*

On 17 October 2007, the Manager and Chong Hing Bank together launched “The Link Credit Card” (the “Card”), the first credit card with “The Link” branding. Public response to the Card has been overwhelming with over three thousand applications received on the first three days of the launch. The Card will serve to bring the public more shopping and dining benefits as well as to help tenants promote their products and services to The Link’s broad customer base.

The dynamic marketing and promotional endeavours of the Manager have continued to enliven the business ambience of our shopping centres. Not only have our tenants benefited from the increased footfall brought about by these exciting events and multi-dimensional activities, further improvements in customer satisfaction with our shopping centres help strengthen the corporate image of The Link.

### *Asset Enhancements*

Asset enhancement continues to be one of the Manager’s main drivers to improve the quality of the portfolio in tandem with re-aligning existing tenancies and introducing new trade and tenant mix to improve rental income.

During the six months ended 30 September 2007, four phases of certain asset enhancement projects were completed to the Manager’s satisfaction, namely Phase 2 of Lung Cheung Mall, Phase 1 of Lok Fu Shopping Centre, Phase 1 of Chung On Shopping Centre and the conversion of the vacant market into retail shops at Ming Tak Shopping Centre.

Good progress is being achieved at other shopping centres undergoing asset enhancement. Short term extensions to existing tenancies or temporary tenancies, where practicable, are let to reduce rental void periods prior to renovations. The Manager expects to also complete Phase 3 of Tsz Wan Shan and Phase 3 of Hau Tak before the financial year end.

Feasibility studies are still in progress by the Manager to identify additional asset enhancement opportunities in the future.

## Master Programme for Twenty Six Asset Enhancement Projects

Announced in 2005/IPO	Announced in 2006	Announced in 2007	Internal Floor Area (sqm)
(1) Tsz Wan Shan	(1) Tsz Wan Shan	(1) Tsz Wan Shan	19,500
(2) Hau Tak	(2) Hau Tak	(2) Hau Tak	15,540
(3) Lung Cheung	(3) Lung Cheung	(3) Lung Cheung	14,198
(4) Lok Fu	(4) Lok Fu	(4) Lok Fu	38,468
(5) Choi Ming	(5) Choi Ming	(5) Choi Ming	8,703
(6) Tai Wo	(6) Tai Wo	(6) Tai Wo	13,492
(7) Stanley	(7) Stanley	(7) Stanley	8,615
(8) Chung On	(8) Chung On	(8) Chung On	7,488
	(9) Chung Fu	(9) Chung Fu	21,395
	(10) Wong Tai Sin	(10) Wong Tai Sin	14,123
	(11) Butterfly	(11) Butterfly	15,290
	(12) Cheung Fat	(12) Cheung Fat	13,741
	(13) Wo Che	(13) Wo Che	17,333
	(14) Lek Yuen	(14) Lek Yuen	11,029
	(15) Ming Tak	(15) Ming Tak	3,620
		(16) Leung King	18,327
		(17) Siu Sai Wan	8,988
		(18) Oi Man	18,912
		(19) Kwai Fong	5,450
		(20) Fu Tung	9,261
		(21) Kai Tin	17,161
		(22) Tin Yiu	7,844
		(23) Choi Yuen	12,120
		(24) Tak Tin	8,399
		(25) Hing Wah	7,222
		(26) Wan Tsui	7,508
		<b>TOTAL</b>	<b>343,727</b>

## Completed Asset Enhancement Phases/Projects

Announced in 2005/IPO	Announced in 2006	Announced in 2007	Internal Floor Area* (sqm)
(1) Tsz Wan Shan Phases 1 & 2			14,400
(2) Hau Tak Phases 1 & 2			6,980
(3) Lung Cheung Phases 1 & 2			14,198
(4) Lok Fu Phase 1			2,450
(8) Chung On Phase 1			6,223
	(15) Ming Tak		3,620
		(21) Kai Tin — see note below	17,161
		<b>TOTAL</b>	<b>65,032</b>

Note: Asset enhancement work deferred due to improvement in trade mix generating higher rental income.

\* Completed and unaffected area.

## Master Programme for Twenty Six Asset Enhancement Projects

Project	Commencement	Target Completion	Capital Expenditure HK\$M
(1) Tsz Wan Shan Phases 1 & 2 Phase 3	August 2005 August 2006	Completed 1st Quarter 2008	see below 29.8
(2) Hau Tak Phases 1 & 2 Phase 3 Phase 4	October 2005 December 2006 December 2006	Completed 1st Quarter 2008 2nd Quarter 2009	see below 40.0 6.0
(3) Lung Cheung Phase 1 Phase 2	November 2005 November 2006	Completed Completed	see below see below
(4) Lok Fu Phase 1 Phase 2	August 2006 June 2007	Completed 2nd Quarter 2010	see below 120.0
(5) Choi Ming	April 2007	4th Quarter 2007	10.0
(6) Tai Wo	January 2007	1st Quarter 2009	46.0
(7) Stanley	August 2006	4th Quarter 2008	100.0
(8) Chung On Phase 1 Phase 2	October 2006 October 2006	Completed 4th Quarter 2008	see below 6.0
(9) Chung Fu	May 2008	4th Quarter 2009	72.0
(10) Wong Tai Sin	August 2006	2nd Quarter 2009	31.0
(11) Butterfly	August 2007	1st Quarter 2009	35.0
(12) Cheung Fat	October 2006	1st Quarter 2010	80.0
(13) Wo Che	May 2007	1st Quarter 2009	50.0
(14) Lek Yuen	March 2007	3rd Quarter 2009	29.0
(15) Ming Tak	September 2006	Completed	see below
(16) Leung King	September 2006	1st Quarter 2010	58.0
(17) Siu Sai Wan	October 2007	4th Quarter 2009	49.0
(18) Oi Man	October 2007	4th Quarter 2009	75.0
(19) Kwai Fong	March 2008	4th Quarter 2010	29.0
(20) Fu Tung	November 2007	4th Quarter 2008	28.0
(21) Kai Tin	see below	see below	see below
(22) Tin Yiu	March 2007	2nd Quarter 2009	32.0
(23) Choi Yuen	December 2007	3rd Quarter 2009	77.5
(24) Tak Tin	April 2008	3rd Quarter 2010	31.0 **
(25) Hing Wah	April 2008	3rd Quarter 2010	53.0
(26) Wan Tsui	April 2008	4th Quarter 2009	66.0
Total			<u>1,153.3</u>

\*\* Amount of capital expenditure subject to approval

### Completed Asset Enhancement Phases/Projects

Project	Commencement	Completion Date	Capital Expenditure HK\$M
(1) Tsz Wan Shan Phases 1 & 2	August 2005	May 2006	29.0
(2) Hau Tak Phases 1 & 2	October 2005	March 2006	22.0
(3) Lung Cheung Phase 1 Phase 2	November 2005 November 2006	May 2006 June 2007	9.1 10.0
(4) Lok Fu Phase 1	August 2006	June 2007	10.0
(8) Chung On Phase 1	October 2006	September 2007	9.6
(15) Ming Tak	September 2006	June 2007	8.0
(21) Kai Tin	see note below	see note below	<u>see note below</u>
Total			<u>97.7</u>

Note: Asset enhancement work deferred due to improvement in trade mix generating higher rental income.

## FINANCIAL REVIEW

### Revenue and Net Property Income

Revenue and net property income from the properties portfolio for the six months ended 30 September 2007 were HK\$2,056 million (30 September 2006: HK\$1,956 million) and HK\$1,243 million (30 September 2006: HK\$1,164 million), respectively. Total retail revenue for the six months period amounted to HK\$1,477 million (30 September 2006: HK\$1,401 million) with HK\$456 million (30 September 2006: HK\$435 million) of carpark income and HK\$123 million (30 September 2006: HK\$120 million) of other income. Net property income represented approximately 60% of total revenue after the deduction of property management costs and other property operating expenses resulting in an expenditure to income ratio of approximately 40%.

	Six months ended 30 September 2007		Six months ended 30 September 2006	
	<i>HK\$'M</i>	<i>% of Revenue</i>	<i>HK\$'M</i>	<i>% of Revenue</i>
Property management costs	339	17%	350	18%
Other property operating expenses	474	23%	442	22%
Total property expenses	813	40%	792	40%
Net property income	1,243	60%	1,164	60%

### Property Valuation

As at 30 September 2007, CBRE performed an interim valuation of The Link REIT's property portfolio and a revaluation gain of HK\$2,655 million was recorded when compared with the valuation as at 31 March 2007.

The movements of fair values are tabulated below:

	Retail properties <i>HK\$'M</i>	Carparks <i>HK\$'M</i>	Total <i>HK\$'M</i>
At 1 April 2007	32,251	7,306	39,557
Additions	133	7	140
Change in fair values	<u>2,351</u>	<u>304</u>	<u>2,655</u>
At 30 September 2007	<u>34,735</u>	<u>7,617</u>	<u>42,352</u>
% change	+7.7%	+4.3%	+7.1%

## Financial Position

As at 30 September 2007, certain of the Group's investment properties, amounting to approximately HK\$4.8 billion (31 March 2007: HK\$4.4 billion) were mortgaged to secure the Group's loan facilities. As at 30 September 2007, the maturity profile of the Group's borrowings is as follows:

	30 September 2007		31 March 2007	
	HK\$'M	% of total	HK\$'M	% of total
Due in the first year	2,198	18%	—	0%
Due in the second year	1,396	11%	2,196	18%
Due in the third year	4,000	33%	5,395	44%
Due in the fourth year	—	0%	—	0%
Due in the fifth year	4,587	38%	4,586	38%
Total	<u>12,181</u>	<u>100%</u>	<u>12,177</u>	<u>100%</u>

The average outstanding life of the Group's loan facilities as at 30 September 2007 was 32 months.

As at 30 September 2007, the Group had outstanding interest rate swap contracts which amounted to HK\$4 billion in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile in the next few years. Accordingly, approximately 54% of the total available facilities are at fixed rates. In terms of the Group's available financial resources as at 30 September 2007, the Group had total undrawn bank loan facilities of HK\$400 million and net cash at bank and in hand of HK\$1,721 million. The deposits are with maturities that have been well planned to satisfy the financial commitments and working capital requirements of the Group. The Manager has adopted a principal preservation approach in its cash management to ensure flexibility to meet the operational needs of the Group. In addition, the generation of strong recurrent cashflows from the Group's investment property portfolio provides the Group with a strong financial position and enables the Group to finance any capital expenditure that The Link REIT may incur in relation to major renovations, improvement works and other value-enhancing strategic initiatives. Fluctuations in exchange rates pose minimal exposure to the Group as majority of the Group's assets and liabilities are dominated in Hong Kong dollars.

## Gearing Ratio

As at 30 September 2007, the loan to asset ratio for the Group was 25.2% (31 March 2007: 26.9%), based on total borrowings of HK\$12,181 million (31 March 2007: HK\$12,177 million) and total gross asset value of HK\$48,275 million (31 March 2007: HK\$45,235 million), after the revaluation conducted by CBRE for the properties portfolio, the result of which has been reflected in the interim financial information. The Group continued to maintain most of its borrowings on an unsecured basis, with unsecured debt accounting for approximately 68.3% of total available facilities as at 30 September 2007. The Group will continue to obtain financing on an unsecured basis whenever possible.



## **Credit Ratings**

On 23 October 2007, Moody's Investors Service changed the outlook of the A3 corporate family and senior unsecured debt ratings of The Link REIT from stable to positive. The improvement in outlook is a recognition of the progress undertaken by The Link REIT in its asset enhancement projects as well as the strong and prudent financial management strategy undertaken.

## **Gross Liabilities and Net Assets**

As at 30 September 2007, gross liabilities (excluding net assets attributable to unitholders) accounted for HK\$19,016 million (31 March 2007: HK\$18,446 million), or 39.4% (31 March 2007: 40.8%) of total gross asset value. As at 30 September 2007, net assets attributable to unitholders amounted to HK\$29,259 million or HK\$13.62 per unit (31 March 2007: HK\$26,789 million or HK\$12.53 per unit).

## **UNITS IN ISSUE**

A distribution reinvestment scheme was adopted by The Link REIT in respect of the final distribution for the year ended 31 March 2007. Pursuant to the distribution reinvestment scheme, unitholders can elect to receive the distribution in the form of cash, or in the form of new units of The Link REIT, or a combination of both. On 22 August 2007, 10,980,317 units were issued at a price of HK\$17.09 per unit pursuant to the said distribution reinvestment scheme, resulting in a total of 2,148,434,317 units in issue as at 30 September 2007. The units have been actively traded during the period under review. The closing price of the units as at 30 September 2007 was HK\$17.10 (31 March 2007: HK\$18.80) with total market capitalisation amounting to HK\$36,738 million (31 March 2007: HK\$40,184 million). The closing price reflected a premium of 25.6% (31 March 2007: 50.0%) over the net asset value of HK\$13.62 (31 March 2007: HK\$12.53) per unit.

## **HUMAN RESOURCES DEVELOPMENT**

The Manager's remuneration policy is built upon the principles of providing an equitable, motivating and competitive remuneration package with a view to attracting, motivating and retaining high performing staff. As an on-going practice of adhering to these principles, the Manager reviews the remuneration policies and practices in line with market practices and with assistance provided by an independent consultant. All full-time and permanent staff are eligible for a discretionary bonus, the payment of which is based on both the individual staff's performance and the performance of The Link REIT. Staff benefits, amongst others, include the mandatory provident fund, annual leave, sick leave, maternity leave, medical insurance, life and personal accident insurance, employee compensation, club membership, etc. As at 30 September 2007, the Manager had 391 (31 March 2007: 340) staff. Key activities of the Manager include leasing, property management, enhancement and maintenance works, investment, fund management and associated corporate services.

## **AWARDS**

In October 2007, The Link Management Limited was presented the “Outstanding Corporate Strategy Award 2007” by East Week. This Award was organised by East Week to commend enterprises with outstanding business strategies. The panel of judges selected the outstanding enterprises from various business sectors according to their business development strategy, leadership and quality of management, corporate culture, corporate mission and creativity.

## **APPRECIATION**

On 23 July 2007, Dr Harry LEE Nai Shee and Mr Patrick SUN ceased to be Independent Non-Executive Directors (“INED”) of the Manager upon their retirement by rotation from the Board at the 2007 annual general meeting of The Link REIT.

On 3 September 2007, Mr LIEW Mun Leong, a nominee of the Manager’s strategic partner CapitaLand Limited (“CapitaLand”), resigned as a Non-Executive Director of the Manager. Mr KEE Teck Koon was nominated by CapitaLand to replace Mr Liew on the same date.

The Board would like to thank Dr Lee, Messrs Sun and Liew for their invaluable contributions to the Manager and The Link REIT during their tenure of service.

In addition on 3 September 2007, Professor Richard WONG Yue Chim and Mr Ian Keith GRIFFITHS were appointed as an INED and Non-Executive Director of the Manager respectively.

On 2 November 2007, the Board announced that Mr Victor SO Hing Woh will resign as Chief Executive Officer and Executive Director of the Manager and a member of the Disclosures Committee, Finance and Investment Committee, Human Resources and Compensation Committee (“HRC”) and Nomination Committee of the Manager, and will cease to be a Responsible Officer of the Manager with effect from 30 November 2007. On the same day, the Board also announced that Mr Ian David Murray ROBINS will succeed Mr Victor SO Hing Woh as Chief Executive Officer of the Manager upon his satisfying the requirements for and obtaining approval as a Responsible Officer from the SFC. During the interim period, Mr CHEW Fook Aun, Chief Financial Officer, Executive Director and Responsible Officer of the Manager, will assume the role of Acting Chief Executive Officer of the Manager.

The Board would like to acknowledge and thank Mr So for his outstanding contribution in building up and laying a strong foundation for the Manager to continue its long term sustainable growth. The Board offers its best wishes to him.

## **PROSPECTS**

We continue to remain optimistic and challenged by our future prospects. We have made continuing progress with our asset enhancement projects and we can see the results of our work bearing fruit in respect of the projects which have been completed. We are encouraged by the good results achieved

and we will continue with the programme to ensure that the other continuing projects achieve similar results. We will endeavour to ensure that the work continues with minimal disruption to tenants and customers.

Changes and upgrades to trade and tenant mix is very much part of the continuing evolution of our shopping centres and together with asset enhancement work will help us progressively increase rental income through rental reversion as the leasing cycle reverts.

We remain committed and focused and will continue to strive to work for the benefit of all our unitholders, tenants and the community in which we serve.

## **CORPORATE GOVERNANCE**

With the objectives of establishing and maintaining high standards of corporate governance, the Manager is committed to certain policies and procedures to ensure that The Link REIT is well-managed and operates in a transparent manner. Set out below is a summary of the key components of the corporate governance policies that have been adopted by the Manager and The Link REIT.

### **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. HSBC Institutional Trust Services (Asia) Limited, 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 internalized 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 ended 30 September 2007, the Manager and The Link REIT has complied with the provisions of the REIT Code published by the SFC, the relevant provisions of the SFO, the relevant sections of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Trust Deed and the requirements and procedures laid down in the compliance manual (except as stated in the paragraph below) of the Manager adopted for use in relation to the management of The Link REIT.

Upon the retirement of Mr Patrick SUN as a member of the HRC on 23 July 2007, there was a short departure from the Manager’s corporate governance policy which requires at least half of the members of the HRC as INEDs. On 3 September 2007, Professor Richard WONG Yue Chim was appointed as a member of the HRC.

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.

The Board has reviewed and accepted the quarterly compliance reports which were examined and endorsed by the Audit Committee. The Manager and The Link REIT have also met the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, where appropriate.

### **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, at least half of the Directors of the Board are required to be INEDs. At present, the Board comprises 14 members, eight of whom are INEDs, four are Non-Executive Directors and the Chief Executive Officer and Chief Financial Officer are Executive Directors. 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.

### **Review of Financial Results**

The interim results of The Link REIT for the six months ended 30 September 2007 have been reviewed by the Audit Committee of the Manager, and approved by the Board at its meeting on 15 November 2007. The interim financial information have also been reviewed by The Link REIT's auditors in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## Investor Relations

In promoting good corporate governance and transparency, The Link REIT has continuously communicated with both the stakeholders and the unitholders during the period under review. Since 1 April 2007, the Manager has participated in the following investors' conferences:

Month	Event	Organiser	Venue
May 2007	Asian and Australian Property Conference	Deutsche Bank	Hong Kong
June 2007	Hong Kong Post Results Roadshow	Goldman Sachs	Hong Kong
June 2007	Best of Asia Conference	UBS	Boston, New York, London
June 2007	Regional Property Corporate Day	Morgan Stanley	Hong Kong
July 2007	Tokyo Post Results Roadshow	Daiwa Securities SMBC	Tokyo
October 2007	Greater China Investor Conference 2007	Citigroup	Macau

The Manager will continue to participate in roadshows and investors' conferences to enhance The Link REIT's relationship with the investor community and investors' understanding of The Link REIT's operations and developments.

Further details of the corporate governance policies and practices that are adopted by the Manager and The Link REIT are set out on pages 53 to 68 of The Link REIT's 2007 Annual Report.

## PURCHASE, SALE OR REDEMPTION OF THE LINK REIT'S LISTED UNITS

Neither the Manager nor any of The Link REIT's subsidiaries had purchased, sold or redeemed any of The Link REIT's listed units during the period. The Manager has agreed not to repurchase any unit of The Link REIT unless permitted to do so by the relevant codes and guidelines issued by the SFC from time to time.

## **CLOSURE OF REGISTER**

The record date for the interim distribution will be 3 December 2007. For the purpose of the distribution, the register of unitholders will be closed from 29 November 2007 to 3 December 2007, both dates inclusive. In order to qualify for the distribution, all transfers, accompanied by the relevant unit certificates, must be lodged with The 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 pm on 28 November 2007. The distribution will be paid to the unitholders on or about 15 January 2008.

## **DISTRIBUTION REINVESTMENT SCHEME**

A distribution reinvestment scheme is available to unitholders and unitholders can elect to receive the distribution in respect of the period ended 30 September 2007 in the form of cash, or in the form of new units of The Link REIT, or a combination of both. An announcement explaining further information of the distribution reinvestment scheme will be released on or about 3 December 2007 and a circular containing the details together with the relevant election form or entitlement advice will be sent to unitholders on or about 7 December 2007.

## **ISSUANCE OF THE INTERIM REPORT**

The interim report for the six months ended 30 September 2007 will be despatched to unitholders on or about 26 November 2007.

By order of the board of directors of  
**The Link Management Limited**  
**(as Manager of The Link Real Estate Investment Trust)**  
**Nicholas Robert SALLNOW-SMITH**  
*Chairman of the Manager*

Hong Kong, 15 November 2007

*As at the date of this announcement, the board of directors of the Manager is comprised as follows: The Chairman (who is also an Independent Non-Executive Director) is Mr Nicholas Robert SALLNOW-SMITH. The Executive Directors are Mr Victor SO Hing Woh and Mr CHEW Fook Aun. The Non-Executive Directors are Mr Ian Keith GRIFFITHS, Mr John HO Chi On, Mr KEE Teck Koon and Mr PUA Seck Guan. The Independent Non-Executive Directors are Mr Michael Ian ARNOLD, Mr Leslie CHAO Tse Hou, Mr Anthony CHOW Wing Kin, Dr Patrick FUNG Yuk Bun, Mr Stanley KO Kam Chuen, Professor Richard WONG Yue Chim and Dr Allan ZEMAN.*