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Link Real Estate Investment Trust

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

ACQUISITION OF PROPERTY METROPOLITAN PLAZA IN GUANGZHOU

The Board is pleased to announce that pursuant to the SPA dated 7 April 2017, Link (through the Purchaser which is an SPV wholly-owned by it) has agreed to acquire the Sale Shares (being the entire issued share capital of the Target Company) and the Sale Loan for the Consideration from the Vendor, which is an Independent Third Party. The Vendor is Barrel Holdings (Cayman) Limited, an exempted company incorporated in the Cayman Islands and indirectly owned as to 41.2% by the NH Vendor Guarantors and 58.8% by the GC Vendor Guarantor.

The Consideration is equal to the Agreed Property Value of RMB4,065.0 million and will be adjusted by the current assets and current liabilities of the Target Group as at the Completion Date pursuant to the relevant terms of the SPA (such adjustment being the Final Net Assets Adjustment). For the purpose of determining the amount payable on the Completion Date, the Vendor and the Purchaser have estimated the Initial Consideration (as defined below) to be RMB4,060,109,130 (equivalent to approximately HK\$4,575 million). If, based on the Completion Statement, the Consideration is greater than the Initial Consideration, the Purchaser shall pay the excess to the Vendor. Conversely, if the Consideration is less than the Initial Consideration, the Vendor shall pay the shortfall to the Purchaser.

The Target Company owns the entire issued share capital of the BVI Target Subsidiary 1 and the BVI Target Subsidiary 2, which in turn own 50% and 50%, respectively, of the issued share capital of the HK Target Subsidiary. The HK Target Subsidiary owns the entire registered capital of the Project Company. The Project Company owns the Property which is located at No. 8 Huangsha Road, Liwan District, Guangzhou, the PRC. Based on the information provided by the Vendor, the occupancy rate of retail portion of the Property was approximately 94.1% as at 28 February 2017. Link intends to hold the Property as a long-term investment.

As at the Valuation Date, the Property, based on its existing use, had an Appraised Value of RMB4,060.0 million according to the Valuation Report by the Independent Property Valuer. The Agreed Property Value represents a premium of approximately 0.12% marginally over the Appraised Value.

Pursuant to the terms of the SPA, the Purchaser has paid the Deposit in the US\$ equivalent of RMB203.25 million (being 5% of the Agreed Property Value) to the Vendor upon signing of the SPA. In accordance with the terms of the SPA, the remaining balance of the Initial Consideration (except for the tax withholding amount (equivalent of US\$16,504,734) which will be paid to the Vendor's solicitors in escrow for the purpose of tax payable under Bulletin 7) will be paid by the Purchaser to the Vendor on Completion.

According to the terms of the SPA, Completion (subject to Conditions Precedent as defined in Section II of this announcement) will take place on the Completion Date (which is 11 May 2017 (or such other date as the Vendor and the Purchaser may agree in writing)). The Manager will make an announcement if the Conditions Precedent are not satisfied (and have not been waived) on or prior to the Completion Date and no Completion takes place on the Completion Date. The Manager will make an announcement when Completion takes place on the Completion Date, and will also make an announcement when the Consideration is finally determined upon the Final Net Assets Adjustment according to the Completion Statement. Upon Completion, Link will become the sole owner of the Target Group and (through the Project Company) owns entirely the Property. Completion of the Acquisition is subject to the fulfilment or (where applicable) waiver of the Conditions Precedent. **Unitholders and potential investors of Link are advised to exercise caution when dealing in the Units.**

The Vendor Guarantors (being the NH Vendor Guarantors and the GC Vendor Guarantor) have severally (as to 41.2% by the NH Vendor Guarantors and 58.8% by the GC Vendor Guarantor), unconditionally and irrevocably guaranteed to the Purchaser the due and punctual performance, observance and discharge by the Vendor of all its obligations, commitments, undertakings, representations, warranties, indemnities and covenants under and pursuant to the SPA.

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The Initial Consideration of RMB4,060,109,130 (equivalent to approximately HK\$4,575 million) together with the Expenses (approximately HK\$6.0 million): (1) represents approximately 3.8% of the total market capitalisation of Link (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of this announcement); (2) represents approximately 2.7% of the total assets of Link as at 30 September 2016 (as disclosed in the 2016/2017 Interim Report) after adjusting for the impact of the payment of interim distribution by Link on 2 December 2016 and the completion of disposal of five properties on 14 February 2017; and (3) is less than 15% of the gross asset value of Link as at 30 September 2016 (as disclosed in the 2016/2017 Interim Report).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, the Vendor Guarantors, and their respective ultimate beneficial owner(s) is an Independent Third Party. Accordingly, the Acquisition does not constitute a connected party transaction of Link under the REIT Code.

The Board (including the independent non-executive Directors) is satisfied that the Acquisition and the entering into by the Purchaser of the SPA and the transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interest of Link and the Unitholders as a whole. The Board is satisfied, and (based on and in sole reliance on the opinion of the Board and the information and confirmation provided by the Manager, and having taken into account its duties under the Trust Deed and the REIT Code) the Trustee is also satisfied, that no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

SECTION I. OVERVIEW

The Board is pleased to announce that the Purchaser, being an SPV wholly-owned by Link, has entered into the SPA with the Vendor in respect of the Acquisition.

On and subject to the terms and conditions of the SPA, Link (through the Purchaser) has agreed to acquire the Sale Shares (being the entire issued share capital of the Target Company) and the Sale Loan for the Consideration (which is equal to the Agreed Property Value as adjusted by the Final Net Assets Adjustment) from the Vendor (which is an Independent Third Party). The Target Company owns the entire issued share capital of the BVI Target Subsidiary 1 and the BVI Target Subsidiary 2, which in turn own 50% and 50%, respectively, of the issued share capital of the HK Target Subsidiary. The HK Target Subsidiary owns the entire registered capital of the Project Company. The Project Company owns entirely the Property, which Link intends to hold as a long-term investment.

SECTION II. KEY TERMS OF THE SPA

Date: 7 April 2017

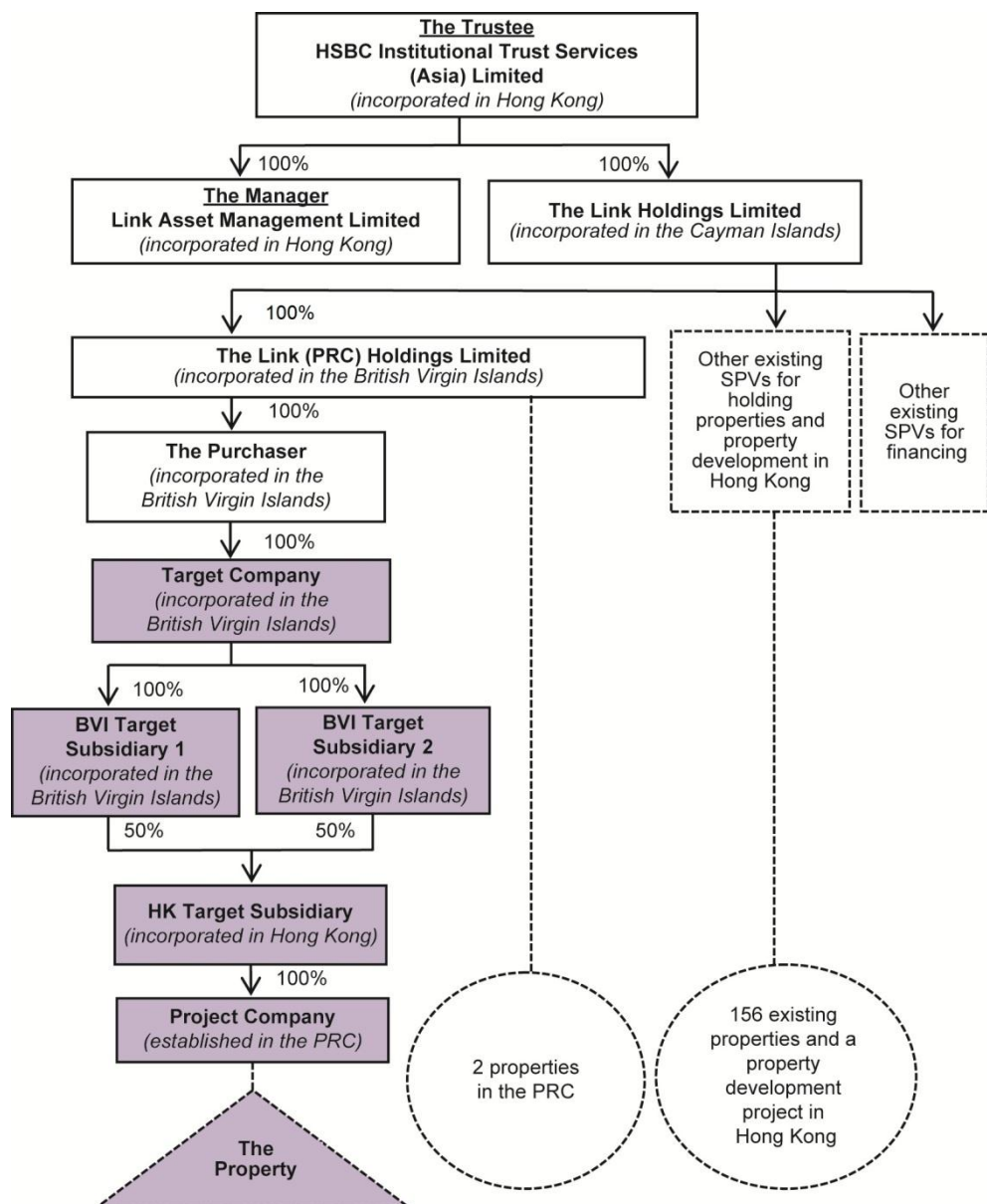
Parties:

- (i) Barrel Holdings (Cayman) Limited, an exempted Cayman Islands company indirectly owned as to 41.2% by the NH Vendor Guarantors and 58.8% by the GC Vendor Guarantor, as the Vendor;
- (ii) Steady Fortress Limited, a company incorporated in the British Virgin Islands and an SPV indirectly and wholly-owned by Link, as the Purchaser;
- (iii) the five Alberta, Canada limited partnerships comprising North Haven Real Estate Fund VII Global, as the NH Vendor Guarantors; and
- (iv) Gateway Real Estate Fund IV, L.P., an exempted limited partnership established in the Cayman Islands, as the GC Vendor Guarantor.

Subject of the Acquisition: Pursuant to the SPA, for the Consideration, the Vendor shall sell and the Purchaser shall purchase the Sale Shares (being the entire issued share capital of the Target Company) and the Vendor shall also assign the Sale Loan (at face value) to the Purchaser (or its nominee(s)), all free from Third Party Rights and with all rights and benefits attaching and/or accruing thereto on Completion.

The Target Company has no business activity other than its holding of the entire issued share capital of each of the BVI Target Subsidiary 1 and the BVI Target Subsidiary 2. The BVI Target Subsidiary 1 and the BVI Target Subsidiary 2 have no business activity other than their holding of, respectively, 50% and 50% of the issued share capital of the HK Target Subsidiary. The HK Target Subsidiary has no business activity other than its holding of the entire registered capital of the Project Company and engaging in the Permitted Business following Completion, as described in “SECTION VIII. INFORMATION ON THE TARGET GROUP” of this announcement. The Project Company has no business activity other than its ownership, leasing and management operations of the Property. Upon Completion, Link will become the sole owner of the Target Group and, through the Project Company, owner of the Property free from the Existing Bank Loan.

Set out below is a simplified chart showing the holding structure of the Property immediately after Completion:



Deposit: A deposit equal to the US\$ equivalent of RMB203.25 million (being 5% of the Agreed Property Value of RMB4,065.0 million) (the **Deposit**) has been paid in cash by the Purchaser to the Vendor upon signing of the SPA. If Completion does not take place and the SPA is terminated (except where solely due to the Purchaser failing to fully comply with all its material completion obligations under the SPA), the Deposit will be fully refunded to the Purchaser with interest in accordance with the terms of the SPA.

Conditions Precedent: Completion shall be conditional on the following conditions (the **Conditions Precedent**) all having been fulfilled or waived by the Purchaser (with or without condition) on or before Completion:

- (a) no material damage has occurred to the Property which results in 15% or more of the total gross floor area of the Property being damaged or destroyed or the damage or destruction of such part(s) of the Property will result in the Property becoming a dangerous building according to the assessment by the relevant PRC authority; and
- (b) there has been no breach of any of the fundamental warranties in respect of ownership of the Target Group and the Property.

Consideration and payments: The Consideration is equal to the Agreed Property Value of RMB4,065.0 million and will be adjusted by the current assets and current liabilities (excluding, principally, the Existing Bank Loan which will be repaid in full by the Target Company on Completion) of the Target Group as at the Completion Date pursuant to the relevant terms of the SPA (the **Final Net Assets Adjustment**). As the Final Net Assets Adjustment is referenced to the Completion Date, final amount of the Consideration can only be ascertained thereafter. Accordingly, for the purpose of determining the amount payable to the Vendor on the Completion Date, the Vendor and the Purchaser have initially estimated the Consideration to be RMB4,060,109,130 (equivalent to approximately HK\$4,575 million) which is based on the Agreed Property Value as reduced by the Provisional Net Assets Adjustment which is in negative (the **Initial Consideration**).

The Final Net Assets Adjustment will be ascertained by the Completion Statement which shall be reviewed by PwC in accordance with the terms of the SPA. If, based on the Completion Statement, the Consideration is greater than the Initial Consideration, the Purchaser shall pay the excess to the Vendor. Conversely, if the Consideration is less than the Initial Consideration, the Vendor shall pay the shortfall to the Purchaser.

At and subject to Completion, the Purchaser shall pay the following amounts in cash:

- (a) the US\$ equivalent of the Initial Consideration (being RMB4,060,109,130) less (i) the Deposit, (ii) the amount payable for the Sale Loan mentioned in (b) below, and (iii) the tax withholding amount mentioned in (c) below, to the Vendor;
- (b) an amount in RMB1,645.0 million as consideration of the Sale Loan against the Vendor's undertaking to procure the Target Company to repay in full the Existing Bank Loan to Bank of Communications Co., Ltd., Shanghai Branch, being a licensed bank in the PRC and an Independent Third Party, so that all Third Party Rights in respect of the Property and the Target Group will be discharged and released in full on and from Completion; and
- (c) the tax withholding amount equivalent of US\$16,504,734 payable to the Vendor's solicitors in escrow which will be released and applied towards tax payment upon assessment by the relevant PRC tax authority of the tax payable by the Vendor under Bulletin 7 with respect to the transactions contemplated under the SPA.

The Manager is satisfied that the basis for determining the Consideration (including the Final Net Assets Adjustment) has been arrived at after arm's length negotiation and is fair and reasonable and in the interest of Link and the Unitholders as a whole.

Guarantee: The Vendor Guarantors (being the NH Vendor Guarantors and the GC Vendor Guarantor) have severally (as to 41.2% by the NH Vendor Guarantors and 58.8% by the GC Vendor Guarantor), unconditionally and irrevocably guaranteed to the Purchaser the due and punctual performance, observance and discharge by the Vendor of all its obligations, commitments, undertakings, representations, warranties, indemnities and covenants under and pursuant to the SPA.

The Manager is of the view that the guarantee provided by the Vendor Guarantors in respect of the SPA sufficiently protects the interest of Link and the Unitholders as a whole.

Completion: Under the SPA, Completion is scheduled to take place on the Completion Date (which is 11 May 2017 (or such other date as the Vendor and the Purchaser may agree in writing)).

In the case where Completion does not take place and the SPA is terminated (except where solely due to the Purchaser failing to fully comply with all its material completion obligations under the SPA), the Deposit will be fully refunded to the Purchaser with interest, and the Purchaser is entitled to claim the Vendor for damages and/or for the remedy of specific performance.

Other terms: The SPA contains indemnities, warranties and covenants given by the Vendor in customary terms for transactions of this nature and scale. The Manager is satisfied that such provisions sufficiently protect the interest of Link and the Unitholders as a whole in respect of potential claims.

Other Transaction Documents: At Completion, the Vendor shall enter or procure the entering into of the following documents:

- (a) the Assignment of the Sale Loan in respect of the assignment of the Sale Loan by the Vendor to the Purchaser (or its nominee(s));
- (b) the Deed of Tax Indemnity by the Vendor in favour of the Purchaser and the Target Group in respect of the tax indemnity; and
- (c) the Escrow Letter in respect of the escrow of the amount payable by the Vendor under Bulletin 7 with respect to the transactions contemplated under the SPA.

SECTION III. THE PROPERTY

General description: The Property is located at No. 8 Huangsha Road, Liwan District, Guangzhou, the PRC and currently known as the Metropolitan Plaza (廣州西城都薈廣場). It comprises (i) the shopping facilities from basement level one to the third floor (including an area on the first floor which is required to be used as a public services facility (社會公益性配套設施) for the operation of a senior care centre (老年活動中心)) and (ii) parking lots on basement level one and two.

The Property was completed in 2011. According to the Valuation Report, the Property has a total gross lettable area of approximately 85,732 sqm. According to the real estate ownership certificates of the Property, its retail portion has a total gross floor area of approximately 88,726 sqm and the total gross floor area of the parking lots on basement level one and two is approximately 41,334 sqm.

Tenancies: According to the Valuation Report (basing on the information provided by the Vendor), as at 28 February 2017, there were 219 tenancies at the Property, occupying approximately 94.1% of the total gross lettable area of the Property.

According to the Valuation Report (basing on the information provided by the Vendor), the existing retail leases of the Property which will expire, respectively, in the remaining period of 2017, 2018 and 2019 represent approximately 8.5%, 14.5% and 11.4% of the total leased retail area of the Property.

According to the Valuation Report (basing on tenancy schedule as of 28 February 2017 provided by the Vendor), (i) the monthly gross income of the Property (excluding management fees) was approximately RMB16.06 million, and (ii) food and beverage, fashion/accessories, and kids/education (being the top three retail trades) accounted for, respectively, approximately 33.4%, 24.7% and 13.7% of the total leased retail area of the Property.

Ownership of the Property: The Property is held by the Project Company under 271 individual real estate ownership certificates comprising the shopping facilities and car park lots issued by 廣州市國土資源和規劃委員會 (Guangzhou Land Resources and Planning Commission*) and includes the land use rights.

The land use rights of the Property will expire in 2042 (with a remaining term of approximately 25 years). If the land use rights of the Property are not extended after expiry in 2042, the Project Company will have no further land use rights upon expiry of the current term of the land use rights. If the term of the land use rights of the Property is extended, land premium or other consideration may be payable by the Project Company for such extension, the amount of which cannot be ascertained at this stage. In assessing the Appraised Value, the Independent Property Valuer has not assigned any value to any extension of the term of the land use rights.

The Manager is satisfied that, after Completion, it will have full operational control over the management of the Property.

Mortgage on the Property: The Existing Bank Loan will be repaid in full by the Target Company on Completion and the mortgage on the Property shall be released on and following Completion.

Valuation of the Property: As at the Valuation Date, the Property, based on its existing use, had an Appraised Value of RMB4,060.0 million according to the Valuation Report by the Independent Property Valuer.

SECTION IV. FEES AND EXPENSES

No fee or charge is payable to the Manager as a result of the Acquisition.

No fee or charge is payable to the Trustee as a result of the Acquisition, apart from the Trustee's remuneration under the Trust Deed which is based on prescribed percentages per annum of the Property Values (as defined in the Trust Deed) applicable to Link's real estate situated, respectively, in and outside Hong Kong.

No agency fee is payable by the Manager or the Purchaser in connection with the Acquisition.

The Manager currently has no plan to undertake major improvements or re-develop the Property. Further, based on the information from the Vendor and the due diligence survey on the condition of the Property carried out by building consultants appointed by the Manager, other than normal and recurring maintenance in relation to the Property and some small-scale enhancement works for the Property which will not involve material amounts, the Manager does not expect any significant capital expenditure in respect of the Property in the immediate future.

SECTION V. FINANCIAL INFORMATION OF THE TARGET GROUP

Based on the information provided by the Vendor, (i) the Target Group has not prepared any audited consolidated financial statements; (ii) the financial statements of the Target Company were prepared in accordance with the HKFRSs; and (iii) the financial statements of the Project Company were prepared in accordance with the PRC GAAP.

The following figures are extracted from the audited financial statements for the two years ended 31 December 2014 and 31 December 2015 of the Target Company and the Project Company provided by the Vendor and are solely for reference purposes. They do not represent the future performance of the Target Group or the Property:

	Target Company		Project Company	
	Year ended 31 December 2014 (Audited) US\$	Year ended 31 December 2015 (Audited) US\$	Year ended 31 December 2014 (Audited) RMB	Year ended 31 December 2015 (Audited) RMB
(1) Revenue	44,974,737 [#]	18,145,859 [#]	134,067,438	154,969,786
(2) Net profit/(loss) before tax	34,553,514	6,785,119	(30,212,122)	34,678,965
(3) Net profit/(loss) after tax	34,553,514	6,785,119	(30,212,122)	31,304,737
(4) Net assets	257,585,951	264,371,070	1,188,838,512	835,143,249

[#] Included dividend income from subsidiaries, unrealised gain from fair value adjustment on financial assets, and interest income

SECTION VI. FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The Initial Consideration of RMB4,060,109,130 (equivalent to approximately HK\$4,575 million) together with the Expenses (approximately HK\$6.0 million) and the further payment from the Purchaser to the Vendor if the Consideration is greater than the Initial Consideration upon determination of the Final Net Assets Adjustment, will be entirely funded from Link's own cash resources and/or debt facilities. The Acquisition is not expected to have any material adverse impact on the financial position of Link as compared to that as at 30 September 2016 (as disclosed in the 2016/2017 Interim Report).

Upon Completion, based on the consolidated financial position of Link as at 30 September 2016 (as disclosed in the 2016/2017 Interim Report), the pro-forma adjusted ratio of debt to total assets of Link is anticipated to change from approximately 17.6% to approximately 19.9% assuming a drawdown of HK\$4,581 million on Link's debt facilities and after (i) adjustments for the impact of the payment of interim distribution by Link on 2 December 2016 and the completion of disposal of five properties on 14 February 2017, and (ii) an adjustment to include the Agreed Property Value of RMB4,065.0 million as if the Acquisition took place on 30 September 2016.

SECTION VII. REASONS FOR THE ACQUISITION

The Acquisition is in line with the current investment strategy of Link to invest in income producing real estate which has potential for long-term income and capital growth and to build a large and diversified portfolio of retail and/or commercial real estate in Hong Kong and in Tier-1 cities of the PRC. Guangzhou (being such a Tier-1 city) is mature and the disposable income of Guangzhou residents has been rising. After Completion, the Property will add to Link's portfolio of investments in Tier-1 cities of the PRC along with its shopping mall in Beijing and an office-cum-retail property in Shanghai. The Manager considers that the Acquisition is a good investment opportunity for the following reasons.

- Good location within the city of Guangzhou

The Property is located at Liwan District, Guangzhou. Liwan District is one of the most popular mass market shopping and leisure destinations in the city. It is also one of the most densely populated districts of Guangzhou, with a population of approximately 0.93 million as of 2016. The Property is strategically located on top of the intersection of Metro Lines 1 & 6 among the busiest Metro Lines in Guangzhou, with direct access to the station concourse.

- A young mall with proven performance and stable income

The Property was opened for business in 2012. According to the Valuation Report (basing on the information provided by the Vendor), the occupancy rate of the Property was approximately 94.1% with 219 tenancies as at 28 February 2017. At present, tenants of the Property comprise a dynamic mix of retailers including food and beverage, fashion/accessories, and kids/education (respectively, approximately 33.4%, 24.7% and 13.7% of the total leased retail area of the Property according to the Valuation Report) as well as other retail offerings such as lifestyle, health and beauty, and a cinema. Currently, a significant portion of the rental income from the Property is base rent, which is fixed and not variable, generating a stable rental income.

- Promising outlook

The Property is well-positioned to capture the rising disposable income within the Liwan District which is populated by young professionals and a middle class population. According to the Valuation Report (basing on the information provided by the Vendor), the existing leases of the Property which will expire, respectively, in the remaining period of 2017, 2018 and 2019 represent approximately 16.7%, 26.8% and 20.9% of the total monthly passing base rent of the retail portion of the Property. Since most of the current leases were entered into during the first leasing cycle after the Property was initially opened, the Property's lease expiry profile allows for steady rental reversion. With evenly-spread lease maturity, there is also potential to re-position the Property to tailor more specifically to the rising middle class catchment in Liwan District, and re-mix tenants to expand product and service offerings for better footfall and potential rental growth.

- Established asset management team

The Property is currently managed by a team which has over three years' experience of working together to manage the leasing and car park operations of the Property. Certain core members of this team may continue to provide services to the Property after Completion as Core Function Employees (as defined below). Facility and property management functions relating to the Property are currently handled by the in-house team of the Vendor and will be outsourced to Beijing CBRE. Beijing CBRE is a property management company being licensed and having the experience in providing property management services to properties in the PRC. Beijing CBRE is a wholly-owned subsidiary of CBRE Group Inc, a company whose shares are listed on the New York Stock Exchange (stock code: CBG). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Beijing CBRE and its ultimate beneficial owner(s) is an Independent Third Party.

The Agreed Property Value was agreed between the Vendor and the Purchaser after arm's length commercial negotiation and having taken into account the quality of the Property, its strategic location in Guangzhou, and prevailing market conditions. The Agreed Property Value represents a premium of approximately 0.12% marginally over the Appraised Value. The Manager does not expect the Acquisition to result in a material change to the overall risk profile of Link.

The Acquisition is consistent with the investment policy of Link and the Manager's objective of growing returns for the Unitholders through yield-accretive acquisition of quality income-producing properties with long-term revenue growth and capital appreciation potential. The Property will be held as a long-term investment by Link.

SECTION VIII. INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands and owns the entire issued share capital of the BVI Target Subsidiary 1 and the BVI Target Subsidiary 2, which in turn own 50% and 50%, respectively, of the issued share capital of the HK Target Subsidiary. The principal business of each of the Target Company, the BVI Target Subsidiary 1 and the BVI Target Subsidiary 2 is investment holding.

The HK Target Subsidiary is a company incorporated in Hong Kong and owns the entire registered capital of the Project Company. The principal business of the HK Target Subsidiary is investment holding. After Completion, the HK Target Subsidiary will provide services solely to support the business activities of the Project Company such as legal, financial and treasury, human resources and administration, and supervisory functions (the **Permitted Business**).

The Project Company was established in the PRC on 31 December 1993 and owns entirely the Property. The principal business of the Project Company is the ownership of the Property and it is also responsible for the operations of and providing leasing and property management services to the Property. The current term of operation of the Project Company is from 31 December 1993 to 31 December 2023. The PRC legal adviser to the Manager, Jun He Law Offices, is of the view that there are no legal impediments to the renewal of the term of operation of the Project Company since such renewal will primarily involve formality and procedural requirements. The PRC legal adviser to the Manager has further confirmed that there are no legal impediments to the remittance of dividends from any retained earnings of the Project Company out of the PRC to the HK Target Subsidiary (as the sole shareholder of the Project Company) provided that such remittance is made in accordance with the relevant PRC foreign investment, tax and foreign exchange laws and regulations.

SECTION IX. OPINION OF THE BOARD

The Board (including the independent non-executive Directors) is satisfied that the SPA and the Other Transaction Documents as well as the respective transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interest of Link and the Unitholders as a whole. The Board is satisfied that no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

SECTION X. CONFIRMATION BY THE MANAGER

The Manager has conducted due diligence on the Target Group as well as the Property in accordance with the relevant provisions of the REIT Code, the Practice Note on Overseas Investments by SFC-authorized REITs contained in the REIT Code, and the Manager's compliance manual. No material irregularity or non-compliance issues have been identified during due diligence and the Manager is satisfied with the due diligence results.

The Manager confirms that, in relation to the Acquisition, the Practice Note on Overseas Investments by SFC-authorized REITs contained in the REIT Code has been complied with.

The PRC legal adviser to the Manager, Jun He Law Offices, has advised the Manager that the Project Company legally holds the land use rights and ownership rights of the Property and can legally occupy, use, lease and transfer the Property (subject only to the existing tenancies of the Property and the current mortgage which will be discharged by the Target Company on and following Completion). Based on the advice from Jun He Law Offices, the Manager is of the view that Link (through the Purchaser and the Project Company) will upon Completion have good marketable legal and beneficial title to the Property (subject only to the existing tenancies of the Property and the current mortgage which will be discharged by the Target Company on and following Completion).

SECTION XI. OPINION OF THE TRUSTEE

Based on and in sole reliance on the opinion of the Board and the information and confirmation provided by the Manager (and having taken into account its duties under the Trust Deed and the REIT Code), the Trustee has no objection to the Acquisition and the Purchaser entering into the SPA and the transactions contemplated thereunder. Further, the Trustee is satisfied that: (i) the Acquisition is consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; and (ii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

SECTION XII. REGULATORY IMPLICATIONS

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The Initial Consideration of RMB4,060,109,130 (equivalent to approximately HK\$4,575 million) together with the Expenses (approximately HK\$6.0 million): (1) represents approximately 3.8% of the total market capitalisation of Link (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of this announcement); (2) represents approximately 2.7% of the total assets of Link as at 30 September 2016 (as disclosed in the 2016/2017 Interim Report) after adjusting for the impact of the payment of interim distribution by Link on 2 December 2016 and the completion of disposal of five properties on 14 February 2017; and (3) is less than 15% of the gross asset value of Link as at 30 September 2016 (as disclosed in the 2016/2017 Interim Report).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries: (a) each of the Vendor, the Vendor Guarantors, and their respective ultimate beneficial owner(s) is an Independent Third Party; and (b) each of the parties to the Other Transaction Documents is an Independent Third Party. Accordingly, each of the Acquisition and the Other Transaction Documents does not constitute a connected party transaction of Link under the REIT Code.

Waiver from strict compliance with 7.5(c) of the REIT Code

Under 7.5(c) of the REIT Code, a REIT may hold real estate through special purpose vehicles provided that, among other things, the special purpose vehicles are (i) established for the sole purpose of directly holding real estate for the REIT and/or arranging financing for the REIT, or (ii) formed solely for the purpose of holding interests in one or more special purpose vehicles mentioned in (i).

The Manager has applied to the SFC for a waiver from strict compliance with 7.5(c) of the REIT Code such that: (a) the HK Target Subsidiary will be permitted to directly employ not more than 20 employees (the **HK Target Subsidiary Employees**) for the Permitted Business; and (b) the Project Company will be permitted to directly employ (or continue to employ) not more than 90 employees for the Core Functions (as defined below) (the **Core Function Employees**).

(a) HK Target Subsidiary Employees

After Completion, the HK Target Subsidiary intends to directly employ the HK Target Subsidiary Employees for the purposes of conducting the Permitted Business. The HK Target Subsidiary will not engage in any activities or businesses unrelated to its investment in the Property.

The proposed employment arrangements of the HK Target Subsidiary Employees for the Permitted Business will be in the interest of Link for the following reasons:

- (i) Subject to approval by the relevant tax authorities, the employment of the HK Target Subsidiary Employees will enable the HK Target Subsidiary to be eligible for a preferential withholding tax rate (currently, 5% as opposed to the standard withholding tax rate of 10%) in respect of dividends paid by the Project Company, the absence of which will reduce the Total Distributable Income (as defined in the Trust Deed) of Link, which will not be in the interest of Link nor the Unitholders as a whole.
- (ii) If a HK Target Subsidiary Employee were to be engaged by a third party employer, Link would still expect to bear the costs of that employee's employment. Additional costs and other potential liabilities may also arise as a result of the involvement of a third party employer. The proposed direct employment arrangement by the HK Target Subsidiary is not expected to result in any greater material adverse financial liability to Link than an arrangement involving a third party employer.
- (iii) The activities of the HK Target Subsidiary will support the functions of the Project Company and will be for the sole benefit of the Project Company and, following Completion, Link. The HK Target Subsidiary will not engage in any other activities or businesses unrelated to its investment in the Property.

(b) Core Function Employees of the Project Company

At Completion, the Project Company intends to directly employ (or continue to employ) the Core Function Employees for the purposes of conducting the Core Functions only. The functions of the Core Function Employees will be limited to the Core Functions.

Certain obligations and functions of the Project Company (the **Core Functions**) are required by the PRC laws and regulations to be performed by the Project Company which include:

- (i) legal and regulatory functions (for example, government authority liaison, obtaining government approvals, handling and responding to government enquiries, regulatory compliance, executing legal documents and bringing or defending legal proceedings or other proceedings, obtaining and liaising with government authorities to maintain the operational licences of the Project Company); and

- (ii) certain commercial functions, for example, supervising, monitoring or performing (1) various facility and property management and asset management services (such as repairs and maintenance, cleaning, security, and car park operations) to the Project Company; and (2) office administrative services, lease and tenant services in respect of the Property, and liaison with banks such as handling bank accounts of the Project Company and remitting dividends to the sole shareholder of the Project Company (being the HK Target Subsidiary).

The proposed employment arrangements of the Core Function Employees will be in the interest of Link for the following reasons:

- (i) There is a legal and practical necessity for the Project Company to have a reasonable number of employees to perform the Core Functions, and supervise, monitor and perform various operational activities and enter into ancillary contracts on behalf of the Project Company with third parties whereby the Project Company is required to become a direct contracting party.
- (ii) The Manager does not expect such employment arrangements to cause material liabilities or losses to Link which is an internally-managed REIT nor will the costs of employment of the Core Function Employees represent any significant liability or loss to Link.
- (iii) The fact that engaging a third party property management company to provide property and facility management services to the Project Company will not relieve the Project Company from its obligations to supervise, monitor and perform the Core Functions.
- (iv) If a Core Function Employee were to be engaged by a third party employer, Link would still expect to bear the costs of that employee's employment. Additional costs and other potential liabilities may also arise as a result of the involvement of a third party employer. The proposed direct employment arrangement by the Project Company is not expected to result in any greater material adverse financial liability to Link than an arrangement involving a third party employer.
- (v) If the Project Company employs the Core Function Employees instead of appointing another service provider to perform the Core Functions, in the event that the appointment of any such service provider is discontinued for any reason, the Project Company will still have staff to perform the Core Functions, which will reduce the disruption to the day-to-day management of the Property.

For the reasons stated above, the Manager does not expect that the proposed employment arrangements of the HK Target Subsidiary Employees and the Core Function Employees will result in any significant liability or loss to Link. Based on the information provided by the Vendor, the aggregate number of employees of the HK Target Subsidiary and the Project Company is currently 119. The Manager does not expect that there will be a significant increase in the total number of employees employed (or to be employed) by the HK Target Subsidiary (for the Permitted Business) and the Project Company (for the Core Functions) after Completion.

Submission with regard to 7.5(d) of the REIT Code

The Manager has made a submission in respect of 7.5(d) of the REIT Code (regarding the use of more than two layers of SPVs) to hold the Property through intermediate holding companies for the purpose of organising Link's non-Hong Kong investments, subject to Completion and the condition that there will be no change to the maximum number of seven layers of SPVs used by Link for holding the Property without further approval of the SFC.

Further Announcements

The Manager will make further announcements upon Completion and when the Consideration is finally determined according to the Completion Statement, or alternatively, if the Conditions Precedent have not been satisfied or (where applicable) waived on or prior to Completion and no Completion takes place on the Completion Date. Completion of the Acquisition is subject to the fulfilment or (where applicable) waiver of the Conditions Precedent. **Unitholders and potential investors of Link are advised to exercise caution when dealing in the Units.**

SECTION XIII. GENERAL

About the Purchaser and Link

The Purchaser is a company incorporated in the British Virgin Islands and an SPV indirectly and wholly-owned by Link. The Purchaser currently has no other business activity and it will solely be used to hold the Target Group and hence the Property upon Completion.

Link is a collective investment scheme authorised by the SFC whose Units are listed on the Main Board of the Stock Exchange (stock code: 823). HSBC Institutional Trust Services (Asia) Limited is the Trustee.

Link, managed by the Manager, currently has a diversified portfolio of retail and office properties and car parking spaces in Hong Kong and Mainland China.

About the Vendor and the Vendor Guarantors

The Vendor is Barrel Holdings (Cayman) Limited, an exempted company incorporated in the Cayman Islands, which is indirectly owned as to 41.2% by the NH Vendor Guarantors and 58.8% by the GC Vendor Guarantor.

NH Vendor Guarantors refer collectively to (a) North Haven Real Estate Fund VII Global-T, L.P., (b) North Haven Real Estate Fund VII Global-TE, L.P., (c) North Haven Real Estate Fund VII Global-F, L.P., (d) North Haven Real Estate Fund VII Special Global, L.P. and (e) Morgan Stanley Real Estate Investors VII Global, L.P., all of which are limited partnerships established in the Province of Alberta, Canada and engaged principally in real estate investment.

GC Vendor Guarantor is Gateway Real Estate Fund IV, L.P., an exempted limited partnership established in the Cayman Islands and engaged principally in investment in any direct or indirect interest relating to any real estate assets.

SECTION XIV. DEFINITIONS

In this announcement, the following definitions apply unless otherwise stated.

2016/2017 Interim Report	the interim report of Link for the six months ended 30 September 2016
Acquisition	the acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the terms of the SPA
Agreed Property Value	the value of the Property as agreed between the Purchaser and the Vendor for the purpose of the Acquisition, being RMB4,065.0 million
Appraised Value	RMB4,060.0 million, being the appraised value of the Property as at the Valuation Date according to the Valuation Report
Assignment of the Sale Loan	the deed of assignment to be executed by the Vendor in favour of the Purchaser (or its nominee(s)) in respect of the assignment of the Sale Loan from the Vendor to the Purchaser (or its nominee(s)) on Completion
Beijing CBRE	北京世邦魏理仕物業管理服務有限公司 (Beijing CBRE Property Management Services Limited*), an Independent Third Party and a wholly-owned subsidiary of CBRE Group Inc (whose shares are listed on the New York Stock Exchange, stock code: CBG)
Board	the board of directors of the Manager
Bulletin 7	the Announcement of the State Administration of Taxation of the PRC on Certain Issues Concerning Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises and applicable PRC laws, regulations, rules and circulars in force from time to time that operate to amend, supplement and/or implement the aforesaid regulation or any part thereof
Business Day	means a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong, the PRC and New York of the United States of America
BVI Target Subsidiary 1	Rhine Rise Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Target Company
BVI Target Subsidiary 2	Barbina Enterprises Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Target Company
Completion	completion of the Acquisition pursuant to the terms of the SPA on the Completion Date
Completion Date	11 May 2017 (or such other date as may be agreed between the Purchaser and the Vendor in writing) on which Completion shall take place pursuant to the terms of the SPA

Completion Statement	the statement showing the adjusted current assets (excluding, principally, the Agreed Property Value) and current liabilities (excluding, principally, the Existing Bank Loan which will be repaid in full by the Target Company on Completion) of the Target Group as at the Completion Date, to be prepared in accordance with the terms of the SPA for ascertaining the Final Net Assets Adjustment
Conditions Precedent	has the meaning given to this term in “SECTION II. KEY TERMS OF THE SPA – Conditions Precedent” of this announcement
connected person	has the meaning given to this term under Chapter 8 of the REIT Code
Consideration	the total purchase price payable by the Purchaser to the Vendor for the Sale Shares and the Sale Loan pursuant to the terms of the SPA, which represents the Agreed Property Value of RMB4,065.0 million and will be adjusted by the Final Net Assets Adjustment
Core Functions	has the meaning given to this term in “SECTION XII. REGULATORY IMPLICATIONS – Waiver from strict compliance with 7.5(c) of the REIT Code – (b) Core Function Employees of the Project Company” of this announcement
Core Function Employees	has the meaning given to this term in “SECTION XII. REGULATORY IMPLICATIONS – Waiver from strict compliance with 7.5(c) of the REIT Code” of this announcement
Deed of Tax Indemnity	the deed of tax indemnity to be executed by the Vendor in favour of the Purchaser and the Target Group in respect of tax indemnity
Deposit	has the meaning given to this term in “SECTION II. KEY TERMS OF THE SPA – Deposit” of this announcement
Directors	the directors of the Manager
Escrow Letter	the escrow letter in respect of the escrow of the amount payable by the Vendor under Bulletin 7 with respect to the transactions contemplated under the SPA
Existing Bank Loan	the loan (comprising the principal, interest, fees or otherwise) owing by the Target Company to Bank of Communications Co., Ltd., Shanghai Branch, under and pursuant to a RMB loan agreement dated 11 October 2016 and the security documents entered into by the Target Group in favour of Bank of Communications Co., Ltd., Shanghai Branch, which the Target Company will (and the Vendor has undertaken to procure that the Target Company shall) repay in full and all security (including the mortgage of the Property) will be released on and following Completion

Expenses	expenses in an aggregate amount of approximately HK\$6.0 million payable by the Purchaser mainly for professional services fees in connection with the Acquisition
Final Net Assets Adjustment	has the meaning given to this term in “SECTION II. KEY TERMS OF THE SPA – Consideration and payments” of this announcement
GC Vendor Guarantor	Gateway Real Estate Fund IV, L.P., an exempted limited partnership established in the Cayman Islands
HK Target Subsidiary	Afford Limited (雅和有限公司), a company incorporated in Hong Kong, which is owned as to 50% and 50%, respectively, directly by the BVI Target Subsidiary 1 and the BVI Target Subsidiary 2 and indirectly wholly-owned by the Target Company
HK Target Subsidiary Employees	has the meaning given to this term in “SECTION XII. REGULATORY IMPLICATIONS – Waiver from strict compliance with 7.5(c) of the REIT Code” of this announcement
HKFRSs	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
Hong Kong	Hong Kong Special Administrative Region of The People’s Republic of China
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Independent Property Valuer	Jones Lang LaSalle Limited, the current Principal Valuer (as defined in the REIT Code) of Link and an independent property valuer (within the meaning of Chapter 6 of the REIT Code) appointed for valuing the Property for the purpose of the Acquisition
Independent Third Party	an independent third party who is not a connected person of Link
Initial Consideration	RMB4,060,109,130 (equivalent to approximately HK\$4,575 million), being the Vendor’s and the Purchaser’s estimation of the Consideration based on the Agreed Property Value as reduced by the Provisional Net Assets Adjustment
Link	Link Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), whose Units are listed on the Main Board of the Stock Exchange (stock code: 823), and where the context requires, includes the SPVs
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Manager	Link Asset Management Limited, in its capacity as the manager of Link
NH Vendor Guarantors	the five Alberta, Canada limited partnerships (being (a) North Haven Real Estate Fund VII Global-T, L.P., (b) North Haven Real Estate Fund VII Global-TE, L.P., (c) North Haven Real Estate Fund VII Global-F, L.P., (d) North Haven Real Estate Fund VII Special Global, L.P., and (e) Morgan Stanley Real Estate Investors VII Global, L.P.), which together comprise North Haven Real Estate Fund VII Global
Other Transaction Documents	collectively, the Assignment of the Sale Loan, the Deed of Tax Indemnity and the Escrow Letter
Permitted Business	has the meaning given to this term in “SECTION VIII. INFORMATION ON THE TARGET GROUP” of this announcement
PRC	The People’s Republic of China
PRC GAAP	generally accepted accounting principles in the PRC
Project Company	廣州牽晴匯房地產有限公司 (Guangzhou Qian Qing Hui Real Estate Company Limited*), a company established in the PRC and a direct wholly-owned subsidiary of the HK Target Subsidiary, which owns entirely the Property
Property	the shopping facilities and parking lots as described in “SECTION III. THE PROPERTY – General description” of this announcement
Provisional Net Assets Adjustment	an amount of RMB4,890,870 to be deducted from the Initial Consideration, being the provisional adjustment (which is a negative figure) as estimated by the Vendor and the Purchaser
Purchaser	Steady Fortress Limited, a company incorporated in the British Virgin Islands and an SPV indirectly and wholly-owned by Link
PwC	PricewaterhouseCoopers, which will be appointed for (among others) reviewing the Completion Statement for the purpose of ascertaining the Final Net Assets Adjustment
REIT Code	the Code on Real Estate Investment Trusts published, and as may be amended or supplemented from time to time, by the SFC
REIT(s)	real estate investment trust(s)
RMB	Renminbi, the lawful currency of the PRC

Sale Loan	the shareholder's loan of RMB1,645.0 million due from the Target Company to the Vendor which will be assigned (at face value) by the Vendor to the Purchaser (or its nominee(s)) on Completion pursuant to the terms of the SPA
Sale Shares	400 shares in the capital of the Target Company, being its entire issued share capital
SFC	the Securities and Futures Commission of Hong Kong
SPA	the sale and purchase agreement dated 7 April 2017 entered into between the Purchaser, the Vendor and the Vendor Guarantors in respect of the Acquisition
SPV	special purpose vehicle that is owned and controlled by Link in accordance with the REIT Code and the Trust Deed
sqm	square metre
Stock Exchange	The Stock Exchange of Hong Kong Limited
Target Company	GCREF Acquisitions 22 Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Vendor
Target Group	collectively, the Target Company, the BVI Target Subsidiary 1, the BVI Target Subsidiary 2, the HK Target Subsidiary, and the Project Company
Third Party Rights	any interest or equity or claim of any person (including any right to acquire, option, right of first refusal or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, imposition, hypothecation, restriction, covenant, easement, encumbrance, security interest, title retention or any other security agreement or arrangement, or any agreement, arrangement or obligation to create or grant any of the above, including the Existing Bank Loan
Trust Deed	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link (as amended and supplemented by eleven supplemental deeds)
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Link
Unit(s) and Unitholder(s)	unit(s) of Link and holder(s) of Unit(s), respectively
US\$	US dollars, the lawful currency of the United States of America
Valuation Date	28 February 2017

Valuation Report	the valuation report on the Property dated 3 March 2017 by the Independent Property Valuer for the purpose of the Acquisition
Vendor	Barrel Holdings (Cayman) Limited, an exempted company incorporated in the Cayman Islands and indirectly owned as to 41.2% by the NH Vendor Guarantors and 58.8% by the GC Vendor Guarantor
Vendor Guarantors	collectively, the NH Vendor Guarantors and the GC Vendor Guarantor

The HK\$ equivalent of RMB disclosed in this announcement is arrived at using the Treasury Markets Association spot rate (RMB1 : HK\$1.1267) quoted as at the date of this announcement.

** English name is for identification purpose only.*

By order of the board of directors of
Link Asset Management Limited
(as manager of Link Real Estate Investment Trust)
Ricky CHAN Ming Tak
Company Secretary

Hong Kong, 7 April 2017

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

Chairman (also an Independent Non-Executive Director)

Nicholas Charles ALLEN

Executive Directors

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

Andy CHEUNG Lee Ming (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

William CHAN Chak Cheung

Ed CHAN Yiu Cheong

Blair Chilton PICKERELL

Poh Lee TAN

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

David Charles WATT

Elaine Carole YOUNG