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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)

**(1) PROPOSED AMENDMENTS TO THE DEFINITION OF “ADJUSTMENTS”
IN RELATION TO COMPUTING TOTAL DISTRIBUTABLE INCOME
(2) PROPOSED MINOR AMENDMENTS TO THE TRUST DEED
(3) PROPOSED EXPANSION OF THE INVESTMENT SCOPE OF LINK’S
INVESTMENT STRATEGY TO INCLUDE INVESTMENTS IN
RELEVANT INVESTMENTS
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

The Board wishes to announce that the Manager is proposing to: (a) amend the definition of “Adjustments” in relation to computing Total Distributable Income; (b) make certain minor amendments to the Trust Deed; and (c) expand the investment scope of Link’s investment strategy to include investments in Relevant Investments specified in the REIT Code.

Such matters are more particularly set out below and in the Circular which, together with the 2018 AGM Notice, is expected to be despatched to Unitholders on 22 June 2018. The Circular will also be available on the websites of Link and Hong Kong Exchanges and Clearing Limited.

This announcement is being made pursuant to 10.3 of the REIT Code.

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I. PROPOSED AMENDMENTS TO THE DEFINITION OF “ADJUSTMENTS” IN RELATION TO COMPUTING TOTAL DISTRIBUTABLE INCOME

1. PROPOSED DISTRIBUTION FORMULA AMENDMENTS

Under the REIT Code, a REIT is required to distribute to unitholders each year an amount not less than 90% of its audited annual net income after tax. In the case of Link, the Trust Deed also requires that the total amount distributed to Unitholders each financial year be no less than 90% of “**Total Distributable Income**” (as defined in the Trust Deed) of Link, notwithstanding that in its absolute discretion, the Manager has been distributing 100% and above of the Total Distributable Income of Link. For the avoidance of doubt, the amount of distribution over 90% of the Total Distributable Income of Link is made by the Manager entirely at its absolute discretion which it may or may not continue to do.

Clause 13.5 of the Trust Deed defines Total Distributable Income as the amount calculated by the Manager as representing the consolidated audited profit after tax attributable to Unitholders of Link and its subsidiaries for that financial year, as adjusted to eliminate the effects of “**Adjustments**” which have been recorded in the profit and loss account for that financial year. Clause 13.6 of the Trust Deed sets out the various items of Adjustments.

Several of the Adjustments under the current Clause 13.6 of the Trust Deed are one-way. Many other Hong Kong listed REITs have adopted two-way adjustment to give a fairer computation of total distributable income to their unitholders. The Manager therefore proposes to amend Clause 13.6 of the Trust Deed to include the Adjustments described in sub-sections (a) to (d) below, which are common among other Hong Kong listed REITs, and the Adjustment described in sub-section (e), which seeks to put gains on disposal of properties on the same footing as disposal of SPVs, with effect from the first distribution period ending after 31 March 2018. The proposed Distribution Formula Amendments concern non-cash items (except in respect of the amendment regarding disposal of SPVs which is intended to facilitate long-term distribution growth), and thus will have no material adverse impact on the distributions to Unitholders. For the avoidance of doubt, the calculation of distributions for the financial periods ended on and prior to 31 March 2018 will remain unchanged and unaffected by the proposed amendments to the Adjustments.

(a) Unrealised Property Revaluation Losses

Clause 13.6(i) of the Trust Deed presently only allows “unrealised property revaluation gains” to be eliminated for the purposes of calculating Total Distributable Income. However, “unrealised property revaluation *losses*” are not similarly eliminated, meaning that such losses would reduce Total Distributable Income if they arise.

Any accounting entries arising from a property revaluation are non-cash in nature. To afford equal treatment with unrealised property revaluation gains, the Manager proposes that Clause 13.6 be amended so that unrealised property revaluation losses in addition to gains would be eliminated for the purposes of determining Total Distributable Income. The full text of the proposed amendment to Clause 13.6(i) will be set out in the Circular.

(b) Goodwill Impairment

Clause 13.6(ii) of the Trust Deed presently only allows “negative goodwill” (which may be credited to the income statement) to be eliminated for the purposes of calculating Total Distributable Income. However, “*goodwill impairment*” (which is a charge in the income statement) is not similarly eliminated, meaning that any such impairment would reduce Total Distributable Income if it arises.

Any goodwill impairment or charge would be non-cash in nature. To afford equal treatment with negative goodwill, the Manager proposes that Clause 13.6 be amended so that negative goodwill (credit) in addition to goodwill impairment (charge) would be eliminated for the purposes of determining Total Distributable Income. The full text of the proposed amendment to Clause 13.6(ii) will be set out in the Circular.

(c) Fair Value Losses on Financial Instruments

Clause 13.6(iv) of the Trust Deed presently only allows “fair value gains on financial instruments” to be eliminated for the purposes of calculating Total Distributable Income. However, “fair value losses on financial instruments” are not similarly eliminated, meaning that any such losses would reduce Total Distributable Income if they arise. Such losses, which are non-cash in nature, may arise from changes in the fair value of financial instruments, such as – without limitation – Relevant Investments (subject to the below-mentioned Unitholders’ approval for Link to invest in the same).

The Manager notes that many other Hong Kong listed REITs make similar adjustments to eliminate the effect of fluctuations in the fair value of derivative elements of financial instruments, non-cash finance costs, and other non-cash fair value losses.

Any fair value loss on financial instruments would be non-cash in nature. To afford equal treatment with fair value gains on financial instruments, the Manager proposes that Clause 13.6 be amended so that fair value losses in addition to gains on financial instruments would be eliminated for the purposes of determining Total Distributable Income. The full text of the proposed amendment to Clause 13.6(iv) will be set out in the Circular.

(d) Depreciation and Amortisation

Clause 13.6(vii) of the Trust Deed presently eliminates “any adjustments in accordance with the generally accepted accounting principles in Hong Kong which increase the amount recorded under the generally accepted accounting principles in the jurisdiction of the Special Purpose Vehicle” from the calculation of Total Distributable Income.

For example, the depreciation of Link’s PRC investment properties (as required under PRC GAAP) is a non-cash item which, after making the Adjustment under Clause 13.6(vii), reduces the amount of Total Distributable Income. To compensate for this, the Manager has been exercising its discretion under Clause 13.9 of the Trust Deed to additionally distribute such non-cash negative Adjustment to the Total Distributable Income. The Manager therefore proposes to delete the existing Clause 13.6(vii) after which, the amount of depreciation charges with respect to Link’s PRC or such other investment properties will no longer reduce the amount available for distribution to Unitholders, without having to resort to Clause 13.9 of the Trust Deed.

The Manager also proposes to amend the Trust Deed so that depreciation charges arising out of properties owned and self-used by Link as well as leasehold improvements, ancillary plant, machinery and equipment thereat may be added back for distribution to Unitholders. Such depreciation charges are non-cash in nature but are accounting expenses which reduce Total Distributable Income. The Manager therefore proposes a new Clause 13.6(vii) which, in effect, disregards depreciation and/or amortisation charges in respect of real estate (and its ancillary machinery, equipment and leasehold improvements) directly or indirectly owned and self-used by Link, where such depreciation and/or amortisation would normally be recorded as an expense under the relevant accounting principles. The full text of the proposed new Clause 13.6(vii) will be set out in the Circular.

(e) Gains on Disposal of SPVs

Link holds a number of properties through SPVs. Clause 13.6(iii) of the Trust Deed presently allows only a realised gain on “disposal of *properties*” to be adjusted. The alternative of a disposal of Link’s shareholding in a SPV is not an Adjustment item under the current wording of Clause 13.6(iii), which means the Manager must distribute any gains on disposal of a SPV and cannot retain them for the purpose of funding new investments.

To put it on the same footing as property disposal gains, the Manager proposes to include gains on disposal of a SPV in Clause 13.6(iii), the full text of which will be set out in the Circular.

2. APPROVALS REQUIRED

Clause 25.1 of the Trust Deed provides that, save for certain limited exceptions as certified by the Trustee in writing, the Manager and the Trustee are only entitled to modify, alter or add to the provisions of the Trust Deed by a supplemental deed with the approval of the Unitholders by way of a Special Resolution and, if so required, the prior approval of the SFC.

Accordingly, the Manager proposes to seek Unitholders’ approval for each of the proposed Distribution Formula Amendments pursuant to Special Resolutions No. 6.1 to 6.5 as set out in the 2018 AGM Notice.

The Board considers that the Distribution Formula Amendments are in the interests of Link and the Unitholders as a whole.

Based on the information contained in the Circular, the Trustee has no objection to the Manager submitting the Distribution Formula Amendments for Unitholders’ approval at the 2018 AGM.

II. PROPOSED MINOR AMENDMENTS TO THE TRUST DEED

In addition to the Distribution Formula Amendments, the Manager would like to take this opportunity to adopt the Minor Trust Deed Amendments which are principally house-keeping in nature as either definition/terminology updates or drafting improvements, as elaborated below.

1. MINOR TRUST DEED AMENDMENTS

To enhance the clarity and consistency of the Trust Deed, the Manager proposes to: (i) amend the references to “The Link REIT” in the Trust Deed to reflect Link’s change of English name to “Link REIT” on 19 August 2015; (ii) insert a definition of “Deed” in Clause 1.1; (iii) make minor technical amendments to the definitions of “Companies Ordinance” (to clarify the effect of Clause 1.5 of the Trust Deed) and “Offering Circular” in Clause 1.1; (iv) replace references to “dividends” with “distributions” in Clauses 13.1 and 13.2; and (v) replace references to “profit and loss account” with “income statement” in Clauses 13.5, 13.6(vi) and 16.1. These are drafting improvements which do not affect the substance of the Trust Deed. The full text of the proposed amendments will be set out in the Circular.

2. APPROVALS NOT REQUIRED

No specific approval from Unitholders is required for the Minor Trust Deed Amendments, provided that the Trustee certifies pursuant to Clause 25.1.1(i) – (ii) of the Trust Deed and 9.6(a) – (b) of the REIT Code that, in its opinion, such modifications, alterations and/or additions to the Trust Deed: (i) do not materially prejudice the interests of Unitholders, do not operate to release to any material extent the Trustee or the Manager from any responsibility to Unitholders and do not increase the costs and charges payable from Link; or (ii) are necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law). The Trustee has confirmed that it would provide the relevant certification pursuant to Clause 25.1.1(i) – (ii) of the Trust Deed and 9.6(a) – (b) of the REIT Code in the supplemental Trust Deed to effect the Minor Trust Deed Amendments.

III. PROPOSED EXPANSION OF THE INVESTMENT SCOPE OF LINK’S INVESTMENT STRATEGY TO INCLUDE INVESTMENTS IN RELEVANT INVESTMENTS

1. PROPOSED EXPANSION OF LINK’S INVESTMENT STRATEGY

On 27 January 2014, the SFC issued a consultation paper entitled “Amendments to the Code on Real Estate Investment Trusts” inviting public comments on proposed amendments to the REIT Code to allow REITs to undertake Property Development and Related Activities and invest in Relevant Investments (being certain financial instruments specified in the REIT Code). The proposals gained majority support, and the REIT Code Amendments became effective from 29 August 2014. As a result, REITs now have more flexibility in their investment strategy, subject to unitholders’ approval for the necessary expansion to their respective investment strategy (and consequential changes to their respective trust deed) and the limitations under the REIT Code Amendments.

Currently, Link's investment strategy permits Property Development and Related Activities but does not permit investments in Relevant Investments. Many Hong Kong listed REITs have since included Relevant Investments as part of their investment strategies. The Manager now proposes to expand Link's investment strategy to include investing in Relevant Investments for the reasons set out below.

2. REASONS FOR, AND EXPECTED BENEFITS OF, INVESTMENTS IN RELEVANT INVESTMENTS

(a) An integral part of a REIT's portfolio management strategy

As part of the Manager's portfolio management strategy for Link, the Manager has been successful in selling selected non-core assets from Link's portfolio and achieving, in aggregate, a high premium to valuation from the divestments. The proceeds from such divestments have been used towards, among other purposes, financing acquisitions of real estate which the Manager believes provide better long-term prospects and more sustainable future growth for Link. However, between the time of completing such divestments and making such investments, there may be occasions when cash generated from divestments is not yet deployed and is deposited with banks at minimal rates of interest. During such period, the Manager considers that it would be beneficial for Unitholders to allow Link to invest in Relevant Investments, so that the Manager may better manage Link's surplus cash position to enhance returns to Unitholders, especially when cash deposit rates are low or when there are limited suitable property investment opportunities. Notwithstanding the above, the Manager may still in its absolute discretion use surplus cash from divestments for other purposes as permitted under the Trust Deed and the REIT Code, including but not limited to special distributions, Unit buybacks and repayment of debt.

(b) A common market practice among REITs globally

Many of the largest and most reputable REITs around Asia, Europe, Australia and the United States have the flexibility to make investments similar to Relevant Investments. These overseas REITs invest in a range of products including equities of listed companies or REITs, unlisted funds, money market funds and other debt securities. Such investments are well-understood by REIT investors and commonly accepted as market practice among REITs globally.

(c) Flexibility to invest in Relevant Investments will benefit Link and its Unitholders

Currently, seven out of the ten listed REITs in Hong Kong have changed their respective trust deeds to include investing in Relevant Investments as part of their investment strategy. In other Asian markets such as Singapore and Malaysia, there is no restriction for REITs to make Relevant Investments. Thus, Link is operating in a market where most of its peers locally and in the region permit Relevant Investments. Should Link be afforded similar flexibility, the Manager believes this will facilitate enhanced returns to Link and its Unitholders.

3. COMPLIANCE WITH LAWS AND REGULATIONS

(a) Restrictions under the REIT Code

Having regard to the applicable legal and regulatory requirements, the proposed expansion of Link's investment strategy to include investing in Relevant Investments is subject to the REIT Code restrictions summarised below:

- (i) The value of Link's holding of Relevant Investments issued by any single group of companies shall not exceed 5% of the gross asset value of Link.
- (ii) The total sum of: (1) the Aggregate Development Costs; and (2) the combined value of the Relevant Investments together with other non-real estate assets shall not exceed 25% of the gross asset value of Link at any time.
- (iii) The Relevant Investments should be sufficiently liquid, be capable of being readily acquired or disposed of under normal market conditions and in the absence of trading restrictions, and have transparent pricing.
- (iv) Link shall not invest in any high risk, speculative, or complex financial instruments, structured products or enter into any securities lending, repurchase transactions or other similar over-the-counter transactions.

When determining whether the 25% threshold limit in (ii) above is exceeded:

- Items that are considered as part-and-parcel of the properties of Link, and accounted for as such in accordance with requisite accounting standards, shall not be treated as "other non-real estate assets", and hence may be disregarded. These items would include plant, machinery and equipment, fixtures, and furniture and fittings.
- Plain vanilla hedging instruments in the nature of treasury tools for Link to manage interest rate and currency exposures may also be disregarded. This exclusion is limited to those instruments to the extent used for genuine hedging purposes in connection with the ordinary course of business of Link, and not with the aim of yield enhancement.

The Manager will revise its Compliance Manual to document the restrictions set out above and adopt relevant policies and procedures to ensure proper internal governance, if the Expanded Investment Scope regarding Relevant Investments and Relevant Investments Amendments are approved by the Unitholders.

4. GENERAL CONSIDERATIONS WHEN INVESTING IN RELEVANT INVESTMENTS

In selecting appropriate Relevant Investments, in addition to complying with the REIT Code requirements summarized in the sub-section above, the Manager will proceed in a disciplined manner considering that Relevant Investments should be primarily low risk and yield-enhancing tools for short-term treasury management purposes. Further, the Manager currently intends to limit Link's investment in Relevant Investments by amending the Trust Deed to state that Relevant Investments shall constitute no more than 10% of Link's gross asset value at any one time, notwithstanding the REIT Code limit of 25%, for the sake of prudence. Link's gross asset value as at 31 March 2018 was approximately HK\$213.6 billion (after final distribution).

If Unitholders approve the expansion of Link’s investment strategy to include investing in Relevant Investments, Link shall be permitted to invest in the following:

	<i>Percentage of the gross asset value of Link at all times (unless otherwise noted)</i>
(a) Relevant Investments	(maximum) 10%
(b) Property Development and Related Activities (already permitted under the Trust Deed)	(maximum) 10% of Gross Asset Value of the Deposited Property (as defined in Trust Deed)
(c) Relevant Investments, Property Development and Related Activities and other non-real estate assets	(maximum in aggregate) 25%
(d) Real Estate that generates recurrent rental income	(minimum) 75%

Additionally, other general factors which the Manager will consider include, without limitation:

- For listed equities/REITs and property funds
 - Most REITs in Asia have a strategic sponsor that may offer a pipeline of acquisition opportunities for the REIT. As Link is independent of any sponsors and thus does not benefit from a ready pipeline of acquisition opportunities, to expand the reach and allow more flexibility to source acquisition targets, Link may invest in listed equities/REITs and/or property funds, only if the Manager believes that such investments have the potential to generate and/or enhance similar strategic opportunities for Link.

- For debt securities
 - Credit rating
 - Investment grade only
 - Maturity
 - No more than 5 years
 - Currency denomination
 - HK\$ or US\$, or other currencies fully hedged to HK\$ or US\$
 - Type of issuers
 - Listed corporations, financial institutions, governments, public bodies or other supranational bodies only

5. EXECUTION OF THE BUSINESS STRATEGY OF THE MANAGER

The Manager has already in place well-recognised high standards of corporate governance. In line with its prudent approach, the Manager has and shall retain and may even hire additional staff with sufficient and appropriate skills, resources and expertise as part of its in-house skills to manage the Relevant Investments. Investments by Link in Relevant Investments will be subject to the same level of scrutiny and oversight by the Board as compared to other investments. The Executive Directors, as well as several Non-Executive and Independent Non-Executive Directors, have extensive experience in investments management. Biographical details of the Directors are set out in the Annual Report 2017/2018, which also highlights the strength of the Board in terms of diversity, especially in its core competencies where over half of the Directors come from “financial/accounting”

backgrounds, whose collective experiences span across multinational corporations, leading global banks as well as blue-chip investment management firms. Such Directors serve on both the Finance and Investment Committee which oversees, among other things, capital management and treasury issues, and on the Audit and Risk Management Committee whose duties include risk management, compliance monitoring and internal controls. Thus, the Manager believes there is ample expertise among the Directors to effectively monitor Relevant Investments, and there will also be sufficient board-level oversight of Relevant Investments.

Key members of the senior management team who have substantial investment and asset management experience will be responsible for Relevant Investments of the Manager. Details of the experience of these members will be set out in the Circular.

6. RISK FACTORS

As with any investment activities, investing in any Relevant Investments may involve, without limitation, certain risks in relation to financial aspects. For example, if Link invests in Relevant Investments in the nature of debt securities, equity securities or property funds, it will be vulnerable to the risk that the market as a whole, or certain parts of the market where it has invested in declines or drops. The value of stocks, debt securities and property funds fluctuates in response to general market and economic conditions including changes in commodity prices, foreign exchange rates and interest rates. An increase in interest rates will adversely impact the value of debt securities. In addition, there is inflation risk, as the return on debt securities such as bond investments will lose purchasing power if the cost of living increases. Such market fluctuations may adversely affect the value of the Relevant Investments and have an adverse impact on the level of distributions to Unitholders.

The Manager will seek to mitigate and contain these risks by: (a) analysing the financials of any issuer before an investment is made and on a regular basis so long as it is part of Link's portfolio; (b) ensuring that the proportion of Link's assets exposed to such risks will be small and spread across multiple investments; and (c) adhering to the restrictions and adopting the corporate governance measures set out below. It is also noted that, given Link is currently vulnerable to fluctuating rental rates and occupancy levels in respect of its properties, investments in Relevant Investments will tend to have a diversifying effect on Link's overall risk exposure.

Further details of the risks relating to Relevant Investments and the specific measures to mitigate such risks will be set out in the Circular.

7. PROPER INVESTMENT MANAGEMENT AND CORPORATE GOVERNANCE

In addition to the REIT Code, the Manager shall ensure proper investment management and corporate governance, having regard to the guidelines set by the SFC in relation to Relevant Investments, including the following:

- (i) any decision made by the Manager to invest in Relevant Investments must be made solely in the best interests of Unitholders;
- (ii) investments in Relevant Investments should not result in a material change in the overall risk profile of Link;

- (iii) the Manager must have the requisite resources, competence, expertise, effective internal controls and risk management system for investing in Relevant Investments. In assessing the risks involved, the Manager should take into account relevant factors such as the creditworthiness of the issuer of any Relevant Investment. The Manager will monitor these investments on an ongoing basis through its Finance and Investment Committee which shall set and monitor criteria for investing in Relevant Investments and Audit and Risk Management Committee which shall review the risk management framework set for monitoring risks associated with Relevant Investments, and review the effectiveness of such risk management framework and report its findings and recommendations to the Board to ensure timely compliance with all the REIT Code requirements on investing in Relevant Investments. The Manager shall make an announcement if there is any change to the delegated responsibility above;
- (iv) the Manager must ensure that the Relevant Investments are independently and fairly valued on a regular basis in accordance with the Trust Deed, in consultation with the Trustee. The valuation should be made in accordance with requisite accounting standards, as well as best industry standards and practices, and there should be a daily marked-to-market valuation wherever practicable;
- (v) the Manager shall publish the full investment portfolio of the Relevant Investments with key information, such as credit ratings of the instruments invested, if applicable, on Link's website on an ongoing basis which shall be updated monthly within five business days of each calendar month end;
- (vi) the Manager shall manage the Relevant Investments and monitor them on an on-going basis to ensure the Maximum Cap is observed; and
- (vii) the Manager shall ensure that all material information concerning the Relevant Investments is set out in periodic updates (namely, Link's interim and annual reports) which should include the extent (in percentage terms) to which compliance with the Maximum Cap has been achieved. The relevant disclosure in the annual reports shall be reviewed by the Audit and Risk Management Committee of the Manager.

The Manager will revise its Compliance Manual to document the measures set out above and adopt relevant policies and procedures to ensure proper internal governance, if the Expanded Investment Scope regarding Relevant Investments and Relevant Investments Amendments are approved by the Unitholders.

8. RELEVANT INVESTMENTS AMENDMENTS

In connection with the proposed Expanded Investment Scope regarding Relevant Investments, the Manager proposes the following amendments to the Trust Deed (being the Relevant Investments Amendments), the full text of which will be set out in the Circular.

(a) Investments in Relevant Investments

The Manager proposes to expand the definition of "Authorised Investments" to expressly include the Relevant Investments. Consequentially, the Manager also proposes: (i) to insert new definitions for "Relevant Investments" and "Maximum Cap"; and (ii) to add a new Clause 9.1B to clarify the meaning of gross asset value for the purposes of calculating the Maximum Cap.

(b) General Threshold Requirement

The Manager proposes to insert a new Clause 12.3.8 into the Trust Deed to provide that: (a) the value of the Relevant Investments shall not exceed 10% of the gross asset value of Link at any time; and (b) the combined value of the Relevant Investments together with other non-real estate assets of Link, when aggregated with the Aggregate Development Costs of Link, shall not exceed 25% of the gross asset value of Link at any time.

(c) Threshold on Relevant Investments Issued by Any Single Group of Companies

The Manager proposes to insert a new Clause 12.3.9 into the Trust Deed in compliance with the REIT Code requirement stating that the value of Link's holding of Relevant Investments issued by any single group of companies shall not exceed 5% of the gross asset value of Link.

(d) Valuation of Relevant Investments

The Manager proposes to amend Clause 9.1.5 of the Trust Deed (which currently only applies to derivative instruments) so that it will also apply to the valuation of Relevant Investments. Such valuation shall also be subject to the existing Trust Deed provision that requires all valuations to be in accordance with generally accepted accounting principles.

(e) Realised gains on Relevant Investments

The Manager proposes to amend Clause 13.6 of the Trust Deed to introduce an additional Adjustment to eliminate realised gains in the calculation of the Total Distributable Income when Relevant Investments are disposed of. The proposed amendment will therefore cause the Total Distributable Income to exclude any such realised gains on Relevant Investments, which (if such gains are not discretionally distributed) will not be available for distributions to Unitholders. However, the Manager considers the proposed amendment to be in the best interests of Unitholders as it leaves flexibility for the Manager to use such realised gains for making new investments for the growth of Link and the returns to Unitholders.

(f) Gross Asset Value of the Deposited Property

In accordance with 7.2B(iii) of the REIT Code, Link shall only invest in Relevant Investments provided that at least 75% of the gross asset value of Link shall be invested in real estate that generates recurrent rental income at all times. However, Clause 12.3.7 of the Trust Deed currently states that at least 75% of the Gross Asset Value of the Deposited Property shall be invested in real estate that generates recurrent rental income at all times. "Gross Asset Value of the Deposited Property" is defined to be used solely for the purpose of determining the denominator of the GAV Cap (as defined in the Trust Deed, being the threshold limit for calculating the Aggregate Development Costs) and, hence, does not carry any meaning in contexts other than property development. Therefore, for clarification purposes and compliance with 7.2B(iii) of the REIT Code, the Manager proposes to amend Clause 12.3.7 of the Trust Deed to replace "Gross Asset Value of Deposited Property" with "gross asset value of the Trust".

9. APPROVALS REQUIRED

Currently, Link's investment strategy does not include investments in Relevant Investments. In order for Link to be able to invest in Relevant Investments, Unitholders must first approve, by way of Special Resolution at the 2018 AGM in accordance with the Trust Deed, the proposed Expanded Investment Scope regarding Relevant Investments as set out in Special Resolution No. 7.

Special Resolution No. 7 also covers the Relevant Investments Amendments because 9.6 of the REIT Code and Clause 25.1 of the Trust Deed provide that, save for certain limited exceptions as certified by the Trustee in writing, the Manager and Trustee are only entitled to modify, alter or add to the provisions of the Trust Deed by a supplemental deed with the approval of the Unitholders by way of Special Resolution and, if so required, the prior approval of the SFC.

The Board considers that the Expanded Investment Scope regarding Relevant Investments together with the Relevant Investments Amendments are in the interests of Link and the Unitholders as a whole.

The Trustee has no objection to the Manager submitting the Expanded Investment Scope regarding Relevant Investments together with the Relevant Investments Amendments for Unitholders' approval.

IV. 2018 AGM

The 2018 AGM of Link will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 25 July 2018 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the 2018 AGM Resolutions, set out in the 2018 AGM Notice, which, together with the Circular, is expected to be despatched on or around 22 June 2018. The substantive text of the 2018 AGM Notice is set out in the Appendix to this announcement.

For the purpose of ascertaining Unitholders' right to attend the 2018 AGM, the register of Unitholders will be closed from Friday, 20 July 2018 to Wednesday, 25 July 2018, both days inclusive, during which period no transfer of Units will be registered. In order for Unitholders to be eligible to attend and vote at the 2018 AGM, all transfer documents accompanied by the relevant unit certificates must be lodged with the unit registrar of Link, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 19 July 2018.

Any Unitholder who has a material interest in the 2018 AGM Resolutions and that interest is different from that of all other Unitholders, shall abstain from voting in respect of such resolution. As at the date of this announcement, to the best of the Manager's knowledge, information and belief, after having made reasonable enquiries, the Manager takes the view that no Unitholder is required to abstain from voting on the 2018 AGM Resolutions.

The 2018 AGM Resolutions will be decided on a poll at the 2018 AGM pursuant to the Trust Deed.

V. MISCELLANEOUS

A copy of the Trust Deed is available for inspection at the registered office of the Manager at all times from 9:00 a.m. to 5:00 p.m. on business days in accordance with the provisions of the Trust Deed. A copy of the proposed draft form of the supplemental deed to effect the Distribution Formula Amendments, the Minor Trust Deed Amendments and the Relevant Investments Amendments will be available for inspection at the registered office of the Manager from 9:00 a.m. to 5:00 p.m. on business days from the date of the Circular up to and including the date of the 2018 AGM.

VI. DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

2018 AGM	the annual general meeting of Unitholders to be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 25 July 2018 at 10:00 a.m.
2018 AGM Notice	the notice convening the 2018 AGM to be included in the Circular, the substantive text of which is set out in the Appendix to this announcement
2018 AGM Resolutions	the Ordinary Resolutions and Special Resolutions being proposed at the 2018 AGM, as set out in the 2018 AGM Notice and explained in the Circular
Aggregate Development Costs	the aggregate Property Development Costs of all Property Development and Related Activities, together with the aggregate contract value of the uncompleted units of real estate acquired by a REIT
Board	board of Directors
Circular	the circular to Unitholders to be dated and despatched on 22 June 2018 which, among other things, provides the 2018 AGM Notice and further information on resolutions to be proposed at the 2018 AGM regarding: (i) the re-election of the retiring Directors; (ii) the granting of a general mandate to the Manager to buy back Units; (iii) the Distribution Formula Amendments; and (iv) the proposed expansion of Link's investment strategy to include investments in Relevant Investments and the corresponding Relevant Investments Amendments.
Compliance Manual	the compliance manual of the Manager as updated from time to time

<i>Deposited Property</i>	has the meaning ascribed to it under the Trust Deed
<i>Directors</i>	directors of the Manager
<i>Distribution Formula Amendments</i>	the proposed amendments to the Trust Deed in connection with the definition of “Adjustments” in relation to computing Total Distributable Income, the details of which are set out in the Circular, which are to be considered, and if thought fit, individually approved by Unitholders as part of the proposed Special Resolutions No. 6.1 to No. 6.5 set out in the 2018 AGM Notice
<i>Expanded Investment Scope regarding Relevant Investments</i>	the proposed expansion of the investment scope of Link’s investment strategy so that Link shall have the flexibility to invest in Relevant Investments (subject to the restrictions in the REIT Code and the Trust Deed), which is to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution No. 7 in the 2018 AGM Notice
<i>HK\$</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>Hong Kong</i>	the Hong Kong Special Administrative Region of The People’s Republic of China
<i>Link</i>	Link Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the SFO, whose Units are listed on the Main Board of the Stock Exchange (stock code: 823), and where the context requires, includes companies and/or special purpose vehicles owned and/or controlled by it
<i>Manager</i>	Link Asset Management Limited, a company incorporated under the laws of Hong Kong, which is the manager of Link
<i>Maximum Cap</i>	25% of the gross asset value of the Link (ascertained pursuant to the Trust Deed), being the threshold limit for the total sum of: (i) the Aggregate Development Costs and (ii) the combined value of the Relevant Investments together with other non-real estate assets of Link calculated in accordance with the REIT Code
<i>Minor Trust Deed Amendments</i>	the proposed minor amendments to the Trust Deed, the details of which are set out in the Circular
<i>Ordinary Resolution</i>	a resolution of Unitholders passed by a simple majority of the votes of those Unitholders present and entitled to vote, whether in person or by proxy, at a general meeting of Unitholders, where the votes shall be taken by way of poll but with a quorum of two or more Unitholders registered as holding together not less than 10% of the Units for the time being in issue

PRC	The People's Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of The People's Republic of China and Taiwan
PRC GAAP	generally accepted accounting principles in the PRC
Property Development and Related Activities	the acquisition of uncompleted units in a building by a REIT and property developments (including both new development projects and re-development of existing properties) undertaken in accordance with the REIT Code, but does not include refurbishments, retrofitting and renovations
Property Development Costs	the total project costs borne and to be borne by a REIT in relation to a property development project, inclusive of all costs associated with such project. These costs include, but are not limited to, where applicable, the costs for the acquisition of land, development or construction costs, financing costs, stamp duty and professional fees
REIT Code	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being
REIT Code Amendments	the amendments to the REIT Code effective from 29 August 2014 to, among other things, allow for greater flexibility in the investment scope of REITs, namely: (i) investments in Property Development and Related Activities; and (ii) investments in Relevant Investments
REITs	real estate investment trusts
Relevant Investments	the financial instruments permissible from time to time under the REIT Code for Link to invest in, including (without limitation): (i) securities listed on the Stock Exchange or other internationally recognised stock exchanges; (ii) unlisted debt securities; (iii) government and other public securities; and (iv) local or overseas property funds
Relevant Investments Amendments	the proposed amendments to the Trust Deed in connection with the Expanded Investment Scope regarding Relevant Investments, the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution No. 7 set out in the 2018 AGM Notice
SFC	the Securities and Futures Commission of Hong Kong

SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Special Resolution	a resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those present and entitled to vote, whether in person or by proxy, at a general meeting of Unitholders, where the votes shall be taken by way of poll but with a quorum of two or more Unitholders holding not less than 25% of the Units in issue
SPV	a special purpose vehicle owned or controlled by Link in accordance with the REIT Code
Stock Exchange	The Stock Exchange of Hong Kong Limited
Total Distributable Income	has the meaning ascribed to it in the Trust Deed
Trust Deed	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link (as amended and supplemented by 11 supplemental deeds)
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Link, or any successor thereof as the trustee of Link, as the context requires
Unit(s)	unit(s) of Link
Unitholder(s)	holder(s) of Unit(s)
%	per centum or percentage

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

Hong Kong, 21 June 2018

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 Operating Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Christopher John BROOKE

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

APPENDIX – SUBSTANTIVE TEXT OF THE 2018 AGM NOTICE

“NOTICE IS HEREBY GIVEN that an annual general meeting of the unitholders (the **Unitholders**) of Link Real Estate Investment Trust (**Link**) will be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 25 July 2018 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions:

Words and expressions that are not expressly defined in this notice of annual general meeting shall bear the same meaning as that defined in the circular dated 22 June 2018 of Link (the **Circular**).

1. To note the audited consolidated financial statements of Link for the financial year ended 31 March 2018 together with the independent auditor’s report thereon.
2. To note the appointment of the auditor of Link and the fixing of its remuneration.

ORDINARY RESOLUTIONS

3. To re-elect, each as a separate Ordinary Resolution, the following directors of Link Asset Management Limited (as manager of Link) (the **Manager**) who retire by rotation pursuant to Article 125 of the Articles of Association:
 - 3.1. To re-elect Mr Nicholas Charles ALLEN as an independent non-executive director;
 - 3.2. To re-elect Ms Poh Lee TAN as an independent non-executive director;
 - 3.3. To re-elect Mr Peter Tse Pak Wing as an independent non-executive director; and
 - 3.4. To re-elect Mr Ian Keith GRIFFITHS as a non-executive director.
4. As a separate ordinary resolution, to re-elect the following director of the Manager who retires pursuant to Article 121 of the Articles of Association:
 - 4.1. To re-elect Mr Christopher John BROOKE as an independent non-executive director.

5. To consider, and if thought fit, to pass (with or without modifications) the following resolution as an Ordinary Resolution:

“THAT:

- (A) subject to paragraph (B) of this resolution, the exercise by the Manager during the Relevant Period (as defined below) of all the powers of Link to buy back units of Link (the **Units**) on The Stock Exchange of Hong Kong Limited, subject to and in accordance with the trust deed constituting Link (as amended and supplemented by supplemental deeds from time to time) (the **Trust Deed**), the Code on Real Estate Investment Trusts (the **REIT Code**), the circulars and guidelines issued by the Securities and Futures Commission of Hong Kong from time to time, and applicable laws of Hong Kong, be and is hereby generally and unconditionally approved;
- (B) the aggregate number of Units which may be bought back or agreed to be bought back by Link pursuant to the approval in paragraph (A) of this resolution during the Relevant Period (as defined below) shall not exceed ten per cent. (10%) of the total number of Units in issue as at the date of the passing of this resolution, and the authority pursuant to paragraph (A) of this resolution shall be limited accordingly; and
- (C) for the purpose of this resolution, **Relevant Period** means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of Unitholders following the passing of this resolution; or
 - (ii) the expiration of the period within which the next annual general meeting of Unitholders as referred to in (i) above is required to be held by the Trust Deed, the REIT Code or any applicable laws; or
 - (iii) the revocation or variation of the authority given under this resolution by the passing of an ordinary resolution of the Unitholders in a general meeting of Link.”

SPECIAL RESOLUTIONS

6. To consider, and if thought fit, to pass (with or without modifications) each of the following (in each case) as a Special Resolution:

6.1. **“THAT:**

- (A) pursuant to Clause 25.1 of the Trust Deed, approval be and is hereby given for the Distribution Formula Amendment relating to unrealised property revaluation losses as set out in Part A of APPENDIX III to the Circular; and
- (B) the Manager, any director of the Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including without limitation executing such supplemental deed to the Trust Deed and all other documents as may be required) as the Manager, such director of the Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Link to give effect to the matters resolved upon in sub-paragraph (A) of this resolution.”

6.2. **“THAT:**

- (A) pursuant to Clause 25.1 of the Trust Deed, approval be and is hereby given for the Distribution Formula Amendment relating to goodwill impairment as set out in Part B of APPENDIX III to the Circular; and
- (B) the Manager, any director of the Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including without limitation executing such supplemental deed to the Trust Deed and all other documents as may be required) as the Manager, such director of the Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Link to give effect to the matters resolved upon in sub-paragraph (A) of this resolution.”

6.3. **“THAT:**

- (A) pursuant to Clause 25.1 of the Trust Deed, approval be and is hereby given for the Distribution Formula Amendment relating to fair value losses on financial instruments as set out in Part C of APPENDIX III to the Circular; and
- (B) the Manager, any director of the Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including without limitation executing such supplemental deed to the Trust Deed and all other documents as may be required) as the Manager, such director of the Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Link to give effect to the matters resolved upon in sub-paragraph (A) of this resolution.”

6.4. **“THAT:**

- (A) pursuant to Clause 25.1 of the Trust Deed, approval be and is hereby given for the Distribution Formula Amendment relating to depreciation and/or amortisation as set out in Part D of APPENDIX III to the Circular; and
- (B) the Manager, any director of the Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including without limitation executing such supplemental deed to the Trust Deed and all other documents as may be required) as the Manager, such director of the Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Link to give effect to the matters resolved upon in sub-paragraph (A) of this resolution.”

6.5. **“THAT:**

- (A) pursuant to Clause 25.1 of the Trust Deed, approval be and is hereby given for the Distribution Formula Amendment relating to gains on disposal of special purpose vehicles of Link as set out in Part E of APPENDIX III to the Circular; and
- (B) the Manager, any director of the Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including without limitation executing such supplemental deed to the Trust Deed and all other documents as may be required) as the Manager, such director of the Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Link to give effect to the matters resolved upon in sub-paragraph (A) of this resolution.”

7. To consider, and if thought fit, to pass (with or without modifications) the following resolution as a Special Resolution:

“THAT:

- (A) pursuant to Clauses 20.2.7 and 25.1 of the Trust Deed, approval be and is hereby given for:
 - (i) the Expanded Investment Scope regarding Relevant Investments as more fully described in the Circular; and
 - (ii) the Relevant Investments Amendments as set out in APPENDIX V to the Circular; and

(B) the Manager, any director of the Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including without limitation executing such supplemental deed to the Trust Deed and all other documents as may be required) as the Manager, such director of the Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Link to give effect to the matters resolved upon in sub-paragraph (A) of this resolution.”

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

Hong Kong, 22 June 2018”