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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 OFFICE PROPERTY 100 MARKET STREET, SYDNEY, AUSTRALIA

On 19 December 2019, the Buyer (being an indirectly wholly-owned SPV of Link) entered into the Unit Sale Agreement with the Leasehold Seller to acquire all of the issued units in the Leasehold Trust. The Leasehold Trustee, in its capacity as trustee of the Leasehold Trust, holds the leasehold estate of the Target Property under a 299 year lease commencing on 27 June 2019 and ending on 26 June 2318, being the Leasehold Interest. The Target Property, known as “100 Market Street”, comprises a 10-storey commercial office tower located at 100 Market Street, which is situated within a mixed-use development in the CBD of Sydney, Australia. The other parts of the development include a retail component known as “Westfield Sydney Shopping Centre” and two office towers located at 77 Castlereagh Street and 85 Castlereagh Street, as well as an observation tower known as “Sydney Tower”.

On the same day, Link (through its SPVs) also entered into the following ancillary documents relating to the Target Property: (1) the Buyer entered into the Sale Contract with the Freehold Seller to purchase a nominal fractional (2/2,000,000) freehold interest in the Land on which the Development is situated, being the Nominal Freehold Interest; and (2) the Leasehold Trustee Buyer (being an indirectly wholly-owned SPV of Link) entered into the Share Sale Agreement with the Trustee Seller to purchase all the issued shares in the Leasehold Trustee (being the trustee of the Leasehold Trust).

Upon Completion, Link will (through its SPVs) become the sole owner of the Target Property. The Buyer will also enter into the Coordination Deed governing the coordination of certain matters as between Link and the owners of the other two office towers regarding their respective leasehold interests in the Land.

The Base Transaction Amount is approximately AUD683 million, which represents the Agreed Property Value. As at 16 December 2019, the Appraised Property Value of the Target Property was AUD683 million.

On execution of the Unit Sale Agreement, the Buyer must pay an amount equal to 10% of the Base Transaction Amount as a deposit and part payment of the consideration to the escrow agent's trust account. On Completion, the Completion Amount (less the deposit) shall be paid by the Buyer and the escrow agent shall be directed to release the deposit to the Seller. The Adjustment Amount (based on the final completion amount statement) must be paid by the Buyer or the Leasehold Seller (as the case may be) within 20 Business Days after the Adjustment Date.

There is a condition precedent in the Unit Sale Agreement, the Share Sale Agreement and the Sale Contract. **Completion of the Acquisition is subject to the satisfaction of such condition precedent, and may or may not take place. Unitholders and potential investors of Link are advised to exercise caution when dealing in the Units.** The Manager will make further announcements upon Completion, or alternatively, if Completion does not take place due to the non-satisfaction of the condition precedent. The Manager will also announce any Adjustment Amount made by the Buyer or the Leasehold Seller.

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The Aggregate Consideration of approximately AUD683 million (equivalent to approximately HKD3,649 million) together with the Expenses (equivalent to approximately HKD212 million): (1) represents approximately 2.32% of the total market capitalisation of Link (based on the average closing price of the Units on the Stock Exchange for the five Hong Kong business days immediately preceding the date of this announcement); (2) represents approximately 1.69% of the total assets of Link as at 30 September 2019 (as disclosed in the 2019/20 Interim Report); and (3) is less than 15% of the gross asset value of Link as at 30 September 2019 (as disclosed in the 2019/20 Interim Report).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the counterparties to the Principal Transaction Documents and their respective ultimate beneficial owners are Independent Third Parties. Accordingly, the transactions under the Principal Transaction Documents do not constitute connected party transactions of Link under the REIT Code and no Unitholders' approval is required under the REIT Code and the Trust Deed to enter into the Principal Transaction Documents.

The Board (including the independent non-executive Directors) is satisfied that the Principal Transaction Documents and 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, and (based on and in sole reliance on the opinion of the Board and the information and confirmations provided by the Manager, and having taken into account its duties under the REIT Code and the Trust Deed) the Trustee is also satisfied, that no Unitholders' approval is required under the REIT Code and the Trust Deed for the Buyer to enter into the Principal Transaction Documents and the respective transactions contemplated thereunder.

SECTION I. OVERVIEW

On 19 December 2019, the Buyer (being an indirectly wholly-owned SPV of Link) entered into the Unit Sale Agreement with the Leasehold Seller to acquire all of the issued units in the Leasehold Trust. The Leasehold Trustee, in its capacity as trustee of the Leasehold Trust, holds the leasehold estate¹ of the Target Property under a 299 year lease, being the Leasehold Interest.

The Target Property, known as “100 Market Street”, comprises a 10-storey commercial office tower located at 100 Market Street, which is situated within a mixed-use development in the CBD of Sydney, Australia.

The other parts of the development include a retail component known as “Westfield Sydney Shopping Centre” and two office towers located at 77 Castlereagh Street and 85 Castlereagh Street, as well as an observation tower known as “Sydney Tower”. The shopping centre is owned by Scentre Sydney No 1 Pty Limited as trustee for Scentre Sub Trust G and Scentre Sydney No 2 Pty Limited as trustee for Sydney Investment Trust (who are also the substantive freehold owners), and the leasehold and nominal freehold interest of the two office towers are held by the Leasehold Seller and Freehold Seller as trustee for the 77C Nominal Owner and the 85C Nominal Owner.

On 19 December 2019, Link (through its SPVs) also entered into the following ancillary documents relating to the Target Property:

- (1) The Buyer entered into the Sale Contract with the Freehold Seller to purchase a nominal fractional (2/2,000,000) freehold interest in the Land on which the Development is situated, being the Nominal Freehold Interest.
- (2) The Leasehold Trustee Buyer (being an indirectly wholly-owned SPV of Link) entered into the Share Sale Agreement with the Trustee Seller to purchase all the issued shares in the Leasehold Trustee (being the trustee of the Leasehold Trust).

Upon Completion, Link will (through its SPVs) become the sole owner of the Target Property. The Buyer will also enter into the Coordination Deed governing the coordination of certain matters as between Link and the owners of the other two office towers regarding their respective leasehold interests in the Land.

¹ A freehold estate is an estate in land which provides the holder of the estate with rights of absolute ownership, whereas a leasehold estate is an estate in land which provides the holder of the estate with rights of possession and use of the land but not absolute ownership of the land. A freehold owner holds the estate in perpetuity, whereas a leasehold owner holds the estate until the expiry of the underlying lease granted by the superior landlord. For further information regarding freehold and leasehold interests in Australia, please see the section headed “Overview of the relevant laws and regulations of New South Wales and Australia relating to real estate”.

SECTION II. KEY TERMS OF THE PRINCIPAL TRANSACTION DOCUMENTS

1. Key terms of the Unit Sale Agreement

- (A) Date: 19 December 2019
- (B) Parties: Market Mid TC Pty Ltd, in its capacity as trustee for Market Mid II Trust (being the Leasehold Seller); and
Market Mid Pty Ltd, in its capacity as trustee for Market Mid Trust (being the Buyer)
- (C) Subject of the Acquisition: 100% of the issued units in the Leasehold Trust
- (D) Deposit: On execution of the Unit Sale Agreement, the Buyer must pay an amount equal to 10% of the Base Transaction Amount as a deposit and part payment of the consideration by way of electronic transfer of cleared funds to the escrow agent's trust account.

The deposit shall be held by the escrow agent as stakeholder on and subject to the terms of the Unit Sale Agreement and the escrow agency deed entered into on the same day between the Leasehold Seller, the Buyer and the escrow agent. To the best knowledge, information and belief of the Manager, having made all reasonable enquiries, the escrow agent is an Independent Third Party.

If the Leasehold Seller terminates the Unit Sale Agreement because of the default of the Buyer, then the Leasehold Seller is entitled to the deposit and all interest earned thereon.

If the Buyer terminates the Unit Sale Agreement because of the default of the Leasehold Seller, then the Buyer is entitled to the deposit and all interest earned thereon.

If Foreign Investment Review Board Approval is not obtained by the Buyer within 90 Business Days from the date of the Unit Sale Agreement or an extended period as the parties may agree, then the Buyer is entitled to the deposit and all interest earned thereon.

(E) Consideration and payment:

The Base Transaction Amount is approximately AUD683 million, which represents the Agreed Property Value. As at 16 December 2019, the Appraised Property Value of the Target Property was AUD683 million according to the valuation report issued by the Principal Valuer.

On Completion, the Completion Amount (less the deposit) shall be paid by the Buyer and the escrow agent shall be directed to release the deposit to the Seller. On the date which is 30 Business Days after the date of Completion, the Leasehold Seller must provide to the Buyer a final completion amount statement, together with all supporting information (including completion accounts and relevant detailed working papers used to calculate the Final Completion Amount) reasonably necessary to enable the Buyer and its representatives to understand and review the final completion amount statement. The final completion amount statement is not subject to audit, though the Unit Sale Agreement sets out a dispute resolution mechanism which requires further negotiation and an expert determination, in the event the parties fail to reach an agreement. The Adjustment Amount must be paid within 20 Business Days after the **Adjustment Date** (being the earliest of the dates on which the final completion amount statement is accepted (or deemed to have been accepted), resolved or agreed, determined by the expert appointed or determined, or a declaration or determination is made in relation to any part of the final completion amount statement which had been in dispute by a court as set out in the Unit Sale Agreement) by: (i) the Buyer to the Leasehold Seller, if the Final Completion Amount is more than the Completion Amount; or (ii) by the Leasehold Seller to the Buyer, if the Final Completion Amount is less than the Completion Amount.

(F) Distribution of distributable income before Completion:

The Leasehold Seller is entitled to all distributable income of the Leasehold Trust in respect of the period from the formation of the Leasehold Trust up to the time immediately prior to Completion.

Prior to Completion, the Leasehold Trustee may make a distribution to the Leasehold Seller of the distributable income of the Leasehold Trust received by the Leasehold Trustee for the period commencing on 1 January 2020 up to and including the date of Completion.

For taxation purposes, the Buyer must notify the Leasehold Seller no later than 45 Business Days after the end of the financial year of the Leasehold Trust ending on 31 December 2020 of any change to the net income of the Leasehold Trust for the period commencing on 1 January 2020 up to and including the date of Completion, failing which, the Buyer will be deemed to have accepted the Leasehold Trustee's calculation of net income for the purposes of the abovementioned distribution. There shall be no adjustment to the consideration for the Acquisition arising solely from such change to the net income.

- (G) Completion: The date of Completion shall be the date that is five Business Days after Foreign Investment Review Board Approval has been obtained, or such other date as the parties may agree.
- (H) Condition precedent: Foreign Investment Review Board Approval shall be obtained by the Buyer within 90 Business Days from the date of the Unit Sale Agreement or an extended period as the parties may agree.
- (I) Termination: The Unit Sale Agreement may be terminated under the following circumstances:
- (i) failure to satisfy the condition precedent within 90 Business Days from the date of the Unit Sale Agreement (or such later date as the parties may agree);
 - (ii) insolvency of either party to the Unit Sale Agreement;
 - (iii) replacement of the trustee for either party to the Unit Sale Agreement without the other party's consent; or

(iv) failure to complete the Acquisition subject to not less than 10 Business Days' notice served by the non-defaulting party.

(J) Interdependence with other Principal Transaction Documents: Completion (as defined under each of the relevant Principal Transaction Documents) of each of the Unit Sale Agreement, the Sale Contract and the Share Sale Agreement shall occur contemporaneously, and completion under the Unit Sale Agreement is subject to and conditional on completion occurring simultaneously under the Sale Contract and the Share Sale Agreement.

If prior to completion (as defined under each of the relevant Principal Transaction Documents), the Sale Contract or the Share Sale Agreement is validly terminated or rescinded by any party to such agreement, then: (i) the Unit Sale Agreement is deemed to be terminated or rescinded (as the case may be) simultaneously with the termination or rescission of the other Principal Transaction Documents; and (ii) the Coordination Deed is terminated automatically.

(K) Limitation of liability:

Time Limitation

The Buyer may not make any claim under the Unit Sale Agreement unless the full details of such claim have been notified to the Leasehold Seller in accordance with the procedures set out in the Unit Sale Agreement within: (i) 24 months from the date of Completion in relation to a tax warranty; (ii) 5 Business Days from the date of Completion in relation to a title or capacity warranty; and (iii) 12 months from the date of Completion in relation to any other claims.

Minimum Amount

The Leasehold Seller is not liable to make any payment for a claim under the Unit Sale Agreement unless: (i) any individual claim exceeds 0.25% of the Base Transaction Amount (each, an **Eligible Claim**); and (ii) the aggregate of all Eligible Claims exceeds 0.5% of the Base Transaction Amount. The Leasehold Seller is liable only for so much of that amount that exceeds 0.5% of the Base Transaction Amount.

Maximum Liability

The maximum aggregate liability of the Leasehold Seller for any and all breaches, defaults, acts, matters or things under or arising out of the Unit Sale Agreement (other than a breach by the Leasehold Seller of a title or capacity warranty or the warranty in respect of the Leasehold Seller's actual knowledge) is 3% of the Base Transaction Amount.

The maximum aggregate liability of the Leasehold Seller for any and all breaches, defaults, acts, matters or things under or arising out of a breach by the Leasehold Seller of the warranty in respect of the Leasehold Seller's actual knowledge is 10% of the Base Transaction Amount.

The maximum aggregate liability of the Leasehold Seller for any and all breaches, defaults, acts, matters or things under or arising out of a breach by the Leasehold Seller of a title or capacity warranty is 100% of the Base Transaction Amount.

(L) Warranties and indemnities:

The Unit Sale Agreement contains warranties and indemnities by the Leasehold Seller which are customary for transactions of this nature and scale.

(M) Governing law:

The laws of New South Wales

2. Key terms of the Sale Contract

- (A) Date: 19 December 2019
- (B) Parties: Windsor Sub TC Pty Ltd in its capacity as trustee for Market FH Sub Trust (being the Freehold Seller); and
Market Mid Pty Ltd, in its capacity as trustee for Market Mid Trust (being the Buyer)
- (C) Subject of the Acquisition: the Nominal Freehold Interest, being a 2/2,000,000 interest as tenant in common in lot 1 in deposited plan 1182754
- (D) Consideration: AUD3,100 (exclusive of GST)
- (E) Completion: The same date as the date of completion of the Unit Sale Agreement.
- (F) Condition precedent: Foreign Investment Review Board Approval shall be obtained by the Buyer within 90 Business Days from the date of the Sale Contract or an extended period as the parties may agree.
- (G) Termination: The Sale Contract may be terminated under the following circumstances:

(i) failure to satisfy the condition precedent within 90 Business days from the date of the Sale Contract (or such later date as the parties may agree); or

(ii) failure to complete the Acquisition subject to not less than 10 Business Days' notice served by the non-defaulting party.
- (H) Interdependence with other Principal Transaction Documents: Completion (as defined under each of the relevant Principal Transaction Documents) of each of the Unit Sale Agreement, the Sale Contract and the Share Sale Agreement shall occur contemporaneously, and completion under the Sale Contract is subject to and conditional on completion occurring simultaneously under the Unit Sale Agreement and Share Sale Agreement.

If prior to completion (as defined under each of the relevant Principal Transaction Documents), the Unit Sale Agreement or the Share Sale Agreement is validly terminated or rescinded by any party to such agreement, then the Sale Contract is deemed to be terminated or rescinded (as the case may be) simultaneously with the termination or rescission of the other Principal Transaction Documents.

- (I) Warranties: As the Buyer is obtaining a nominal interest only, no warranties are provided by the Freehold Seller. The Freehold Seller must transfer good title to the Buyer. The Buyer can make claims for breach of the Sale Contract for a six month period after completion.
- (J) Governing law: The laws of New South Wales

3. Key terms of the Share Sale Agreement

- (A) Date: 19 December 2019
- (B) Parties: BREP Asia II Pitt UK HoldCo Limited (being the Trustee Seller); and
Joy Success Developments Limited (being the Leasehold Trustee Buyer)
- (C) Subject of the Acquisition: 100% of the issued shares in the Leasehold Trustee
- (D) Consideration: AUD1.00

As the sole purpose and business of the Leasehold Trustee is to act as trustee of the Leasehold Trust and all of its assets, liabilities, profits and/or losses are on account for the Leasehold Trust, a nominal value has been attributed to the shares in the Leasehold Trustee. The Leasehold Trustee does not have any substantive operations and assets other than acting as the trustee of the Leasehold Trust and holding the Target Property on trust for the unitholders of the Leasehold Trust. Based on the information and warranties provided by the Trustee Seller in respect of the Leasehold Trustee, the Manager is satisfied that the Leasehold Trustee does not have any material liabilities in its personal capacity.

- (E) Completion: The same date as the date of completion of the Unit Sale Agreement.
- (F) Condition precedent: Foreign Investment Review Board Approval shall be obtained by the Leasehold Trustee Buyer within 90 Business Days from the date of the Share Sale Agreement or an extended period as the parties may agree.
- (G) Termination: The Share Sale Agreement may be terminated under the following circumstances:
- (i) failure to satisfy the condition precedent within 90 Business Days from the date of the Share Sale Agreement (or such later date as the parties may agree);
 - (ii) insolvency of either party to the Share Sale Agreement;
 - (iii) replacement of the trustee for either party to the Share Sale Agreement without the other party's consent; and
 - (iv) failure to complete the Acquisition subject to not less than 10 Business Days' notice served by the non-defaulting party.

- (H) Interdependence with other Principal Transaction Documents: Completion (as defined under each of the relevant Principal Transaction Documents) of each of the Unit Sale Agreement, the Sale Contract and the Share Sale Agreement shall occur contemporaneously, and completion under the Share Sale Agreement is subject to and conditional on completion occurring simultaneously under the Unit Sale Agreement and Sale Contract.
- If prior to completion (as defined under each of the relevant Principal Transaction Documents), the Unit Sale Agreement or the Sale Contract is validly terminated or rescinded by any party to such agreement, then the Share Sale Agreement is deemed to be terminated or rescinded (as the case may be) simultaneously with the termination or rescission of the other Principal Transaction Documents.
- (I) Warranties and indemnities: The Share Sale Agreement contains warranties and indemnities by the Trustee Seller which are customary for transactions of this nature and scale.
- (J) Governing law: The laws of New South Wales

4. Key terms of the Coordination Deed

- (A) Date: 19 December 2019
- (B) Parties: Castlereagh Sub TC Pty Ltd, in its separate capacities as trustee for the Castlereagh Sub I Trust, being the 77C Leasehold Owner, and Castlereagh Sub II Trust, being the 85C Leasehold Owner;
- Market Sub TC Pty Ltd, in its capacity as trustee for the Market Sub Trust, being the Leasehold Trust;
- Windsor Sub TC Pty Ltd, in its separate capacities as trustee for the Castlereagh FH Sub I Trust, being the 77C Nominal Owner, and Castlereagh FH Sub II Trust, being the 85C Nominal Owner; and
- Market Mid Pty Ltd, in its capacity as trustee for Market Mid Trust, as the Buyer, being the Incoming 100M Nominal Owner.
- (C) Rationale and coordination principles: Since there are different components in the Development held by different owners, the parties have agreed to enter into the Coordination Deed to deal with how decisions are made between and/or among the parties which affect all or some of the office buildings or owners of the office buildings. Each of the 77C Leasehold Owner, 85C Leasehold Owner and the Leasehold Trust shall have the entire economic and commercial benefit and the entire economic and commercial risk and contractual liabilities in respect of their respective properties. Each Leasehold Owner will not be liable for the economic or commercial risk or contractual liabilities in respect of the properties of the other Leasehold Owners.
- (D) Key obligations: The Leasehold Owners acknowledge and agree that the Leasehold Trust is the purchaser of the Target Property under the Target Property Lease.

Each Leasehold Owner acknowledges that it must comply with the Leasehold Trust's obligations in the Target Property Lease in respect of the relevant property for that Leasehold Owner to the extent that they have not been satisfied before the effective date of the Coordination Deed. Such obligations include standard provisions relating to payment of costs relating to the ownership of the Target Property Lease premises, insurance and provisions relating to yielding up at the end of the term.

The parties to the Coordination Deed must establish a coordination committee to allow representatives of the different owners to discuss and agree on certain matters listed in the Coordination Deed that will affect all or some of the office buildings, owners of the office buildings and/or the Nominal Owners of the land on which the Development is located, which must meet with such frequency as agreed among the parties or on the request of a representative on no less than 10 Business Days' notice and must comprise the representatives appointed by the parties. Meetings of the coordination committee will be chaired by the representative of the 77C Leasehold Owner.

- (E) Leasehold Owners' breach and indemnity: The Coordination Deed contains customary breach and indemnity provisions for the Leasehold Owners.
- (F) Interdependence with other Principal Transaction Documents: If prior to completion (as defined under each of the relevant Principal Transaction Documents), the Unit Sale Agreement, the Sale Contract or the Share Sale Agreement is validly terminated or rescinded by any party to such agreement, then the Coordination Deed automatically terminates.
- (G) Governing law: The laws of New South Wales

SECTION III. THE TARGET PROPERTY

1. General description of the Target Property

The table below sets out certain key information regarding the Target Property:

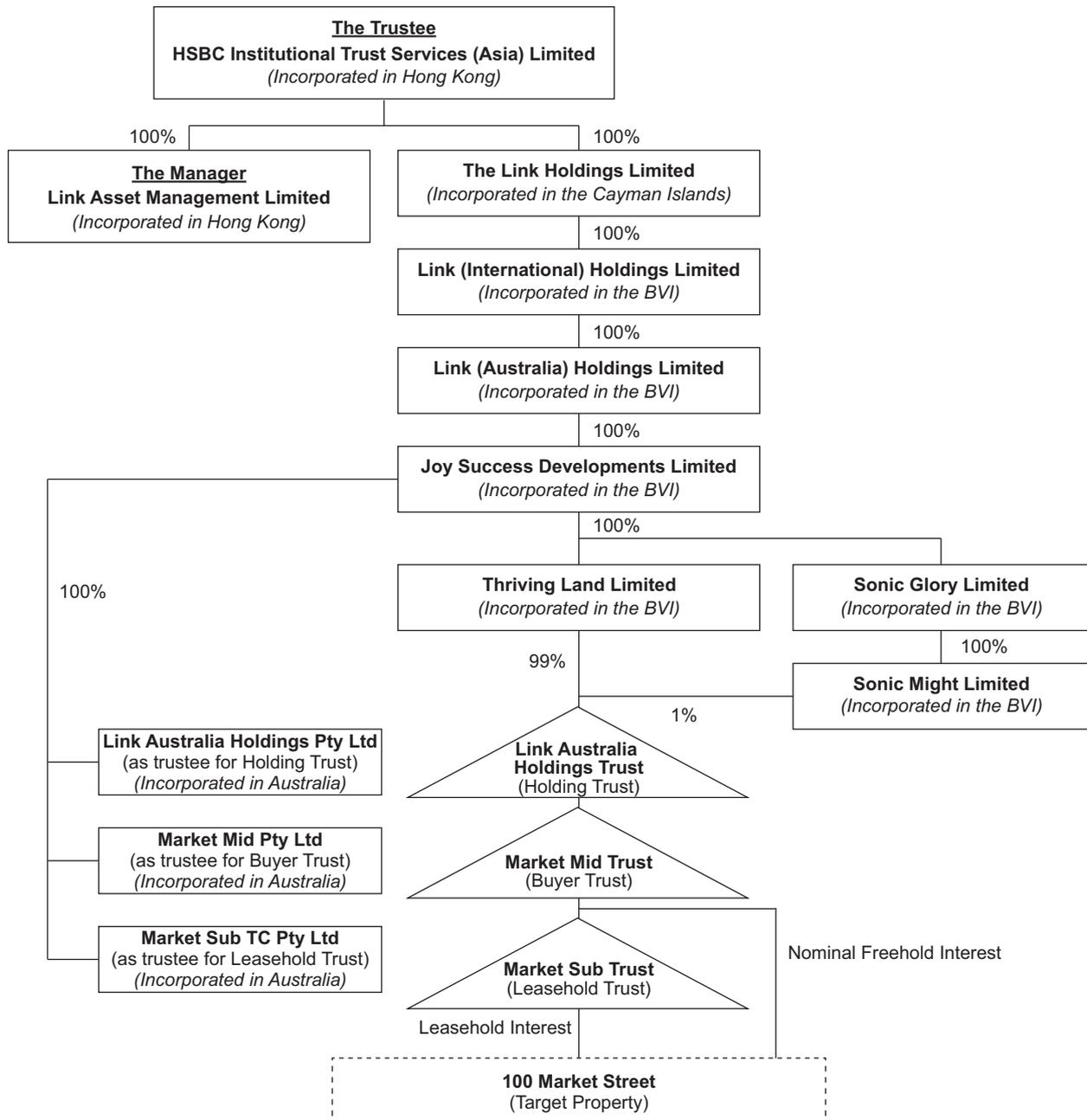
- (A) General description: The Target Property, known as “100 Market Street”, comprises a 10-storey substantial A grade office building stratum forming part of the larger Development bounded by Market, Pitt and Castlereagh Streets within the midtown precinct of the Sydney CBD. It was substantially redeveloped in 2010/2011 as part of the larger Westfield Sydney redevelopment, and has a total net lettable area of approximately 28,385.3 square metres.
- (B) Tenancies: The Target Property is 100% occupied by three tenants, being: (i) an S&P/ASX 100 listed property investor; (ii) a Commonwealth government body; and (iii) a sovereign wealth fund. Based on the valuation report issued by the Principal Valuer, as at 16 December 2019, the Target Property has:
- weighted average lease expiry (by rental income) of 8.45 years with leases expiring between 2027 and 2030 and
 - net passing income of approximately AUD26.7 million.
- (C) Encumbrances: The Target Property is encumbered by a building management statement entered into between the registered owners of the Land on which the Development is situated (which shall include the Buyer upon Completion) and the owners of the commercial buildings on the Land (which includes the Leasehold Trustee).
- The building management statement contains a detailed series of easement rights which both benefit and burden the Target Property and ensure that the Target Property and any other buildings comprising the Development have rights of support, rights of access and the rights to use shared services and other facilities by allocating responsibility and costs in relation to the shared items.

The encumbrances are customary for a development of the same type as the Development.

(D) Appraised Property Value: AUD683 million as at 16 December 2019, as appraised by the Principal Valuer.

2. Expected holding structure after Completion

After Completion, the Leasehold Trust will be wholly-owned and controlled by Link. Below is a simplified chart showing the holding structure of the Target Property immediately after Completion:



3. The Leasehold Interest

The Leasehold Trustee is the tenant under the Target Property Lease. The Target Property Lease is a lease in relation to the Target Property which is registered in the New South Wales Land Title Office and entered into between: (i) the current registered owners of the Land, Scentre Sydney No 1 Pty Limited (in 999,997/2,000,000 share), Scentre Sydney No 2 Pty Limited (in 999,997/2,000,000 share) and Windsor Sub TC Pty Ltd (in 6/2,000,000 share), as tenants in common; and (ii) the Leasehold Trustee in its capacity as trustee for the Leasehold Trust.

The term of the Target Property Lease is 299 years, commencing on 27 June 2019 and ending on 26 June 2318. The rent during the term of the Target Property Lease is AUD1 per annum (if demanded).

Under the Target Property Lease, the Leasehold Trustee has the right to use and develop the Target Property as if it were the freehold owner, including being responsible for all rates, taxes, outgoings, building insurance and capital works and being entitled to receive rents and other payments from lessees of the Target Property. The Target Property Lease cannot be terminated by either party and has most of the characteristics of freehold ownership in Australia.

This structure of the Leasehold Interest and the Nominal Freehold Interest enables the interests in different components of the Development to be held by different owners without the need to sub-divide the freehold title of the Development itself.

For further information regarding freehold and leasehold interests in Australia, please see the section headed "Overview of the relevant laws and regulations of New South Wales and Australia relating to real estate".

4. The Leasehold Trustee

To be best knowledge, information and belief of the Manager having made all reasonable enquiries, the Leasehold Trustee does not have any business other than holding the Target Property on trust for the Leasehold Trust and does not have any employees.

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).

The Manager currently has no immediate plan to undertake major improvements or redevelopment works on the Target Property (other than those commissioned and to be settled by the Leasehold Seller). Further, based on the information from the Seller Group and the due diligence survey on the condition of the Target Property carried

out by building consultants appointed by the Manager, other than normal and recurring maintenance in relation to the Target Property, the Manager does not expect any significant capital expenditure in respect of the Target Property in the immediate future.

SECTION V. FINANCIAL INFORMATION OF THE LEASEHOLD TRUST

The following figures have been extracted from the management account of the Leasehold Trust for the period from 27 June 2019 to 31 October 2019, as provided by the Leasehold Seller. The Leasehold Trust has only recently been formed, and accordingly, no further financial information regarding the Leasehold Trust is available. Such figures are solely for reference purposes and do not represent the future performance of the Leasehold Trust or the Target Property:

	Period from 27 June 2019 to 31 October 2019 (Unaudited) AUD
(1) Total income	10,987,000
(2) Total expenditure	7,875,000
(3) Net profit before tax	3,112,000

As extracted from the management account of the Leasehold Trust provided by the Leasehold Seller, the net asset value of the Leasehold Trust is approximately AUD153,319,000 as at 31 October 2019, comprising mainly the Target Property and intercompany balances payable to the Leasehold Seller and its related companies. The intercompany balances will be discharged prior to Completion and, other than the Target Property, the Leasehold Trust will not have any material assets and liabilities immediately following Completion.

SECTION VI. FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The Aggregate Consideration is approximately AUD683 million (equivalent to approximately HKD3,649 million). The value of the Target Property lies with the Leasehold Interest, so a majority of the Aggregate Consideration is allocated as consideration under the Unit Sale Agreement, whereas: (a) the consideration under each of the Sale Contract and Share Sale Agreement should be nominal; and (b) a registration fee of around AUD3,100 is payable with respect to the Sale Contract, so the consideration under the Sale Contract has taken into account this amount. The Manager is satisfied that the basis for determining the respective consideration under each of the Unit Sale Agreement, the Sale Contract and the Share Sale Agreement 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.

The Aggregate Consideration of approximately AUD683 million (equivalent to approximately HKD3,649 million) together with the Expenses (equivalent to approximately HKD212 million) will be funded using a combination of external bank loans secured by a mortgage over the Target Property and from Link's internal resources. 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 2019 (as disclosed in the 2019/20 Interim Report).

Upon Completion, based on the consolidated financial position of Link as at 30 September 2019 (as disclosed in the 2019/20 Interim Report), the pro-forma adjusted ratio of debt to total assets of Link is anticipated to change from approximately 12.1% (after adjusting for the impact of the interim distribution distributed to Unitholders on 10 December 2019) to approximately 13.5% (assuming a drawdown of HKD3,861 million on Link's debt facilities to finance the Acquisition and including the Appraised Property Value of the Target Property as if the Acquisition took place on 30 September 2019).

SECTION VII. OVERVIEW OF THE PROPERTY MARKET AND RELEVANT REGULATIONS IN AUSTRALIA

1. The commercial office property market in Australia

Australia's economy has been increasing each year since 1992. Such track record is largely driven by the country's diversified industries, such as resources and commodities sectors, financial markets and professional services, technology and digital sectors, education and tourism. Australia's robust economy, established institutions, low-risk business environment and stable economic policies have created an attractive investment environment for both domestic and international investors.

Whilst global economic uncertainty has impacted global and Australian business and household confidence, the Australian government and the Reserve Bank of Australia have been taking proactive steps (including tax cuts and three 25 basis point cuts in the past six months) to support economic growth, employment growth and business investment. This has given extra support to the Australian commercial real estate market, especially in office sector in key gateway cities such as Sydney.

Total transaction volumes remain at elevated levels with AUD30.3 billion up to November 2019 as compared to AUD36.1 billion in 2018. Office property investment volumes have totalled AUD19.5 billion to end of November 2019, compared with AUD21.9 billion for the same period last year. While investment in 2019 is likely to end up being around the level seen in 2018, large transactions have played a greater role in driving activity in 2019. Both domestic and overseas investors (such as REITs, corporates, financial institutions, family offices, insurance companies and pension funds) have been active in the market, as investors expect further rental and capital appreciation due to favourable fundamentals.

According to the Property Council of Australia Office Market Report in July 2019, the Australia CBD total vacancy rate was at 7.9%, and Sydney's overall CBD vacancy rate was at 3.7% (down from 4.1% in January 2019) and substantially lower than the 10-year average of 7.0%. This was mainly due to a combination of strong leasing demand and lack of meaningful supply as the total size of the Sydney CBD office market has only increased by 4.1% over the past 10 years.

2. Overview of the relevant laws and regulations of New South Wales and Australia relating to real estate

2.1 Property ownership

There are no nationality restrictions on land ownership, provided that any non-resident purchasers of land have been approved by the Treasurer under the FATA. There are two ways in which a property can be held in Australia, being freehold and leasehold. A freehold estate is an estate in land which provides the holder of the estate with rights of absolute ownership. A leasehold estate is an estate in land which provides the holder of the estate with rights of possession and use of the land but not the absolute ownership of the land. The freehold land is retained by the freeholder who grants the lease or tenancy as landlord or lessor to the holder out of the freehold land, who is referred to as the tenant or lessee. There can be multiple layers of leasehold estates granted out of a freehold estate, thereby creating a chain of leases. For example, the freehold owner may grant a head-lease to a head-tenant who in turn may grant an underlease to an undertenant who in turn may grant a sub-underlease to a sub-undertenant, and so on.

On very rare occasions, a property may be expropriated by the Australian governmental authorities by paying the owner of the estate an appropriate amount as compensation. Such expropriation would only occur where the governmental authority requires the land for a public purpose and is subject to a legislative regime.

2.2 Land registry

The system of land registration in New South Wales (the jurisdiction in which the Target Property is located) is administered by the New South Wales Land Registry Services, a private company that operates the land titles registry on behalf of the New South Wales Government. In addition to the transfer of freehold land and leases for more than five years in New South Wales, all financial charges (e.g., mortgages) over land should be registered in order to be fully enforceable. Other property rights and interests that are capable of being registered include rights over land, restrictive covenants and easements. The interest of a buyer under an option or contract for sale for an interest in land can be protected by registration of a notation with the New South Wales Land Registry Services.

2.3 Termination of lease

The parties to a lease may negotiate formal break or termination rights under the lease which can be mutual or available to one party only. In the absence of any contractual right to terminate the lease, in principle, a tenant will have no ability to bring the lease to an end prior to its contractual term. Nevertheless, the tenant may approach the landlord to negotiate a surrender of lease by paying a one-off fee to the landlord to bring the lease to an end prior to the expiry of its term.

Subject to the terms and conditions of the relevant lease, a landlord may terminate or forfeit a lease in the event of a breach of covenant by the tenant or upon the tenant's insolvency, subject to the terms of the relevant lease. There is a formal procedure to be followed in relation to such termination and it is open to the tenant or any other interested party (such as a subtenant or a mortgagee) to apply to the court for relief from forfeiture. On such application, the court will consider the relative merits and commercial interest of the parties in deciding whether or not to grant such relief.

2.4 Tenant's protection in respect of renewal

The parties to a commercial or business lease in Australia may agree to include a right for a renewal lease at the end of the original term of years granted by the initial lease. For a lease where an option for renewal is included, the tenant has the right to call for a renewal lease at the end of the original term and the terms of the initial lease will also stipulate the rent and other provisions of the renewal lease.

If there is no option for a renewal lease included in the original lease, the landlord is not obliged to renew the lease and the lease will expire at the end of its term.

3. Taxation matters

The Buyer Trust is an SPV which was established for the purpose of acquiring and holding units in the Leasehold Trust and the Nominal Freehold Interest. The Buyer Trust is wholly-owned by the Holding Trust, which is intended to be an Attribution MIT for Australian income tax purposes. The Leasehold Trust, the Buyer Trust and the Holding Trust, and their respective trustees, should not have any liability for Australian income tax (i.e. the trusts are treated as flow-through trusts for Australian income tax purposes) as it is intended that all of the net income of the trusts will be distributed or attributed to their relevant unitholders each income year. There are no legal impediments to the remittance of distributions from the Leasehold Trust to Hong Kong, provided that such remittances are made in accordance with the relevant Australian foreign investment and anti-money laundering laws and regulations.

Distributions to the Link BVI Entities as unitholders of the Holding Trust may comprise taxable, capital gain and non-assessable components. Distributions from the Holding Trust of income (e.g. net rental income and capital gain on

disposal of taxable Australian property) other than dividends, interest and royalties should be subject to MIT withholding tax. The MIT withholding tax rate should be 15% where the Link BVI Entities are residents (for the purposes of the MIT withholding rules) of the BVI, which is an Exchange of Information country for Australian income tax purposes. The MIT withholding tax is a final withholding tax.

The remainder of the distributions by the Holding Trust to the Link BVI Entities will comprise the non-assessable component. This portion of the distribution is generally not immediately taxable in the hands of the Link BVI Entities. The cost bases held by the Link BVI Entities in the Holding Trust will be reduced by the non-assessable distribution, and a capital gain may arise if the cost base is reduced to nil.

The capital gains tax rules should apply to the Link BVI Entities on disposal of their units in the Holding Trust. Where the units in the Holding Trust are considered taxable Australian property, any capital gain on disposal of the units in the Holding Trust by the Link BVI Entities should be subject to income tax in Australia at the rate of 30%. However, where the Leasehold Trust disposes the Target Property, any capital gain on the disposal should ultimately be subject to MIT withholding tax.

No GST is payable in respect of the acquisition of the units in the Leasehold Trust. GST at the rate of 10% is payable in respect of the acquisition of the Nominal Freehold Interest. GST is payable on rental income received from tenants (which will be remitted to the Australian Taxation Office). Therefore, there is no cost to the Leasehold Trust on the basis that the tenants will be charged GST. The Leasehold Trust should be entitled to claim input tax credits on GST incurred on expenses relating to the leasing activities of the Leasehold Trust.

Duty is payable in New South Wales at rates of up to 5.5% on: (i) the unencumbered (gross) market value of the Leasehold Interest; and (ii) the higher of the consideration for and unencumbered market value of the Nominal Freehold Interest.

4. Expertise and risk control system in relation to investment in overseas property

Following Completion, Link will engage Scentre Shopping Centre Management Pty Ltd, a professional property manager which is an Independent Third Party and will adopt international management standards applicable to properties of similar type and size, to provide property management services in relation to the Target Property. The property management services provided will include customary services relating to, among other things, collecting rent from tenants and processing applicable rent reviews, managing operating expenses in accordance with applicable budgets, ensuring compliance by tenants with insurance, fit out and other legal obligations, overseeing subcontractors and capital works, and reporting to Link on a regular basis.

In addition, as a requirement to qualify as an MIT, Link will engage Perpetual Group, which is a licensed investment manager in Australia, to carry out substantial investment management activities of the Holding Trust in Australia and provide advice, recommendations and support to the trustee of the Holding Trust on its investment activities in Australia. Link will initially delegate certain investment management services to Perpetual Group, including services relating to accounting and reporting, taxation and other investment management services. The Manager shall remain the key decision-maker of the investment activities of the Holding Trust in Australia and of all material matters relating to the management of the Target Property, and direct Perpetual Group accordingly.

Under the terms of their engagement, each of Scentre Shopping Centre Management Pty Ltd and Perpetual Group is required to act on the directions of Link, do not have the authority to execute documents on behalf of Link or to bind Link to any contractual obligation and must prepare periodic reports and such other reports information as may be requested by Link. The Manager is therefore satisfied that it will have sufficient oversight of each of Scentre Shopping Centre Management Pty Ltd and Perpetual Group.

SECTION VIII. REASONS FOR THE ACQUISITION

The Acquisition contributes to the geographical diversification of Link's existing portfolio, being Link's first acquisition outside Hong Kong and the PRC. It is in line with the current investment strategy of Link to invest in yield-accretive and income-producing real estate which has potential for long-term growth. Upon Completion, the Target Property will be held as a long-term investment and will expand Link's footprint to cover the Australian market and drive portfolio growth. Through diversification and improving portfolio mix by acquiring quality assets, the Manager aims to achieve sustainable returns for Unitholders in the long term. The Manager believes that the key benefits of the Acquisition are as follows:

1. Portfolio diversification to drive sustainable growth

Real estate is a local market and certain local markets may be affected by volatility which may not be experienced elsewhere. A portfolio diversification strategy will provide Link with greater ability to achieve sustainable income and capital value growth for Unitholders. A diversified portfolio can also benefit from the different growth rates of different markets and at the same time, market risks are spread out and minimised if the portfolio (being illiquid investment such as real estate) is exposed to different economic cycles.

In addition, the ability to capture investment opportunities in other economies outside of Hong Kong and the PRC, such as Australia, will also provide Link with additional growth potential. The Manager is conducting in-depth study in key developed markets including Australia, Singapore, Japan and the United Kingdom due to their relative stability, market liquidity and favourable regulatory environment.

2. Australia has a highly transparent and liquid real estate market which is suitable for Link's initial overseas investment outside Hong Kong and the PRC

According to the JLL Global Real Estate Transparency Index in 2018, Australia is ranked number 2 in the transparency index due to its information transparency, robust and measurable returns and benchmarks, strong legal, regulatory and tax frameworks. As the Acquisition is Link's initial overseas investment outside Hong Kong and the PRC, the Manager is of the view that transparent market is a key foundation which allows Link, as an investor and operator, to efficiently make decisions with confidence.

Australia is also one of the most liquid real estate markets in the world, with over AUD30 billion of commercial real estate transactions per year in the past five years and a pool of sophisticated real estate investors domestically and overseas, providing ample opportunities for strategic growth.

3. The Sydney CBD office market offers resilient capital value and supported by high quality diversified tenant demand and market liquidity

As one of the global gateway cities and Australia's largest city, Sydney is the top choice in Australia for business occupiers and investors. Sydney provides headquarters for almost 40% of the top 500 Australian corporations and attracts 48% of all international visitors to Australia. Sydney's economy is supported by diverse industries including resources and commodities sectors, financial markets and professional services, technology and digital sectors, education and tourism.

As a result of strong leasing demand and limited supply, Sydney CBD office vacancy has been on a downward trend for the past five years, expecting to reach approximately 3.4% by January 2020. This has also resulted in a strong interest in CBD office properties with transaction volume over AUD5.9 billion per annum from 2015 to November 2019. The shift to lower interest rates over the past year has further increased the attractiveness of high-grade commercial property assets which provide stable income and sustainable capital value to investors.

4. The Target Property is located in a premium location with excellent access and amenity

The Target Property is located within the midtown precinct of Sydney CBD, a premium location with superior amenities and transport links relative to other CBD precincts in Sydney. As such, a diverse tenant profile from S&P/ASX 20 corporates, technology firms, government bodies, financial services and professional services firms are attracted to this precinct.

The Target Property is directly connected to Westfield Sydney Shopping Centre, located along Pitt Street, a prime retail district within Sydney CBD. It is also within walking distance to four major rail stations with connection to six key railway lines providing an excellent connection to the rest of Sydney and New South Wales.

5. Stable income contribution from reputable tenants with limited downside risk

The Target Property is currently 100% occupied by: (i) an S&P/ASX100 listed property investor; (ii) a Commonwealth government body; and (iii) a sovereign wealth fund, each of whom is an Independent Third Party. Similar to other office leases in Australia, the tenors are long and the Target Property has an average weighted average lease expiry of over eight years. Nevertheless, rental escalation mechanisms (approximately 4% per annum) have been built into the tenancies to provide sufficient buffer against inflation. The Manager may also consider various financing alternatives, including AUD denominated borrowings or hedging instrument to mitigate any foreign exchange risks.

SECTION IX. KEY RISKS RELATING TO THE AUSTRALIAN PROPERTY MARKET AND THE ACQUISITION

1. Risks relating to the Australian property market

1.1 Exchange rate risk

Link may be subject to exchange rate risk by investing in Australia. The income and profit of Link from its assets in Australia are to be denominated in AUD. The value of AUD against foreign currencies fluctuates and is affected by changes in Australia and international political and economic conditions and by many other factors. Fluctuations in the exchange rate of AUD against foreign currencies may have a material adverse impact on the level of distributions to Unitholders, which are paid in HKD.

Link may enter into hedging transactions to protect itself from the effects of exchange rate fluctuations. Hedging transactions may include entering into AUD denominated borrowings, hedging instruments and financial derivatives. However, hedging activities may not completely insulate Link from risks associated with changes in exchange rates.

Downward adjustments and the significant loss in value of hedging instruments due to a write down to fair value would reduce the net asset value of Link. Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to Unitholders.

1.2 Illiquid assets risk

Property assets are by their nature illiquid investments. If Link wishes to dispose of the Target Property, it may not be able to do so in a timely manner or at an optimal price. This may adversely impact Link's financial condition and operational results, and the market value of Link securities.

1.3 Changes to property returns and valuations

The returns from property investments are dependent on the available rental income and operating expenses, as well as changes in the market value of the property. These may be adversely affected by a number of factors, including: (i) rental and occupancy levels; (ii) general economic conditions such as interest rates, stock market cycles, foreign currency exchange rates and taxation; (iii) industry competition; and (iv) operating, maintenance and refurbishment expenses, as well as other unforeseen capital expenditure.

1.4 Counterparty risk and solvency risk

Third parties with whom Link interacts, including the other parties to the Target Property Lease, the other parties to the Coordination Deed, tenants, service providers and insurers, may be unwilling or unable, including by reason of insolvency, to comply with their obligations owed to Link.

1.5 Insurance

Link intends to hold and purchase insurance of the kind ordinarily carried by property owners, managers, developers, and construction entities to provide a degree of protection for its assets, liabilities and people. Such policies include material damage to the Target Property, contract works, business interruption, general and professional liability and workers compensation. However, certain risks may be uninsurable (e.g. nuclear, chemical, or biological incidents) or where available coverage is reduced (e.g. cyclone, earthquake).

Link may face risk associated with the financial strength of its insurers to meet indemnity obligations when called upon.

Insurance may also be materially detrimentally affected by economic conditions so that insurance becomes more expensive or unavailable.

1.6 Litigation and disputes

Link is exposed to legal and other disputes in the ordinary course of operations which may arise from time to time. Any such disputes may adversely affect Link's financial condition or operational results, and may also cause reputational damage.

1.7 Political, taxation and legal risk

Link may be subject to political risks in Australia, such as a possible decrease in credit rating of Australia and/or changes in policies resulting in increased foreign investment controls, expropriation of assets and/or restriction in repatriation of profits.

Changes in Australian taxation and property laws, and laws relevant to the rights of foreign investors and the entities through which they hold their investments in Australia, may also suddenly become unclear in Australia. Any future transfer tax increases may also have a direct impact on the value of the Target Property and may also impact on future investors' perception of the property investment market as an asset class.

1.8 Market and pricing risk

Changes to the macro and micro economic environment directly impacts on property values, particularly any movements within the money markets and/or the number of competing schemes. In particular, any interest rate movements beyond those currently anticipated by the wider market may have a detrimental impact on the underlying value. Monetary and other economic policy changes in Australia from time to time may also affect its property market.

Link may also be subject to market risks in Australia specific to investments in real estate, including potentially volatile property price movements and economic cyclicity. Property as an asset class is not a homogeneous product and pricing has traditionally been linked to historic evidence from relevant comparable transactions. If evidence is scarce, this, coupled with liquidity issues, could lead to negative effects on the pricing of an asset.

2. Risks relating to the Acquisition

2.1 Link does not have an established operating history with properties located outside Hong Kong and the PRC

The acquisition of the Target Property, which is an office property located in Australia, represents Link's first acquisition outside of Hong Kong and the PRC. As Link does not have extensive operating history or experience in managing office properties outside Hong Kong and the PRC, there can be no assurance on the performance of the Target Property after Completion. The experience, skill set and expertise of the Manager in managing office properties may not be directly applicable to managing office properties outside Hong Kong and the PRC such as the Target Property.

Although the Manager intends to mitigate such risk by initially delegating the investment and property management services to local operators, given the differences in economic conditions and local property market conditions among Hong Kong, the PRC and Australia, there is no assurance that the Manager will be successful in managing the Target Property.

2.2 Managed Investment Trust

It is intended for the Holding Trust to qualify as an Australian MIT and to avail itself of the concessional MIT withholding tax rate. However, there is no assurance that the Holding Trust will qualify and continue to qualify as an MIT or that its MIT qualification will not be challenged by the Australian tax authorities.

2.3 Acquisition completion risk

As with any acquisition undertaken by Link generally, Link has exposure to a number of risks in its proposed acquisition of the Target Property, including being unable to complete or a delay in completion due to a failure to obtain third party or regulatory consents (including obtaining Foreign Investment Review Board Approval), or changes to the net income received or capital expenditure incurred from Link's forecast.

If the acquisition of the Target Property does not complete, this may adversely affect Link's financial condition, operational results, or the market value of Link securities.

Having taken into account the above risks in relation to investing in the Australian property market and the Acquisition, and the relative size of the Target Property, the Manager confirms that it does not expect the Acquisition to result in a material change to the overall risk profile of Link.

SECTION X. OPINION OF THE BOARD

The Board (including the independent non-executive Directors) is satisfied that the Principal Transaction Documents and 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 Buyer to enter into the Principal Transaction Documents and the respective transactions contemplated thereunder.

SECTION XI. CONFIRMATIONS BY THE MANAGER

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Target Property and the Leasehold Trust, and no material irregularities or non-compliance issues have been noted. Such due diligence has been carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual and the Practice Note on Overseas Investment by SFC-authorized REITs contained in the REIT Code.

The Manager confirms that, in relation to the Acquisition, the Practice Note on Overseas Investment by SFC-authorized REITs contained in the REIT Code has been complied with. The Manager also confirms that it has the requisite competence, experience and effective internal controls and risk management system for investing in and managing the Target Property, notwithstanding its location in Australia, having regard to (among other things) the nature of the Target Property, the provision of property management services by Scentre Shopping Centre Management Pty Ltd (being a professional property management company) and the engagement of Perpetual Group (being a licensed investment manager in Australia with local experience) to provide investment management services in relation to Link's investments in Australia.

Based on the due diligence conducted by the Manager and its legal advisors as to the laws of New South Wales and Australia, the Manager is satisfied that the Leasehold Trustee, in its capacity as trustee of the Leasehold Trust, holds the leasehold estate of the Target Property and can legally occupy, use, lease and transfer such Target Property subject to any mortgages, charges, leasehold interests, rights of occupation and overriding interests affecting the Target Property. The Manager is also satisfied that Link will: (i) (through the Leasehold Trustee) hold good, marketable legal and beneficial title in the Target Property immediately upon Completion, and be able to sell the Target Property; and (ii) hold good, marketable legal and beneficial title in the Nominal Freehold Interest immediately upon Completion, and be able to sell the Nominal Freehold Interest.

Based on the due diligence conducted by the Manager and its legal advisors as to the laws of New South Wales and Australia, Link shall have autonomy and influence over matters relating to the management of the Target Property to the extent allowed under Australian laws and regulations and any management agreements entered into in respect of the Target Property. On this basis, the Manager is satisfied that Link has majority ownership and control over the Target Property in accordance with the REIT Code and the Trust Deed.

SECTION XII. OPINION OF THE TRUSTEE

Based on and in sole reliance on the opinion of the Board and the information and confirmations provided by the Manager (and having taken into account its duties under the REIT Code and the Trust Deed), the Trustee has no objection to the Acquisition and Link entering into the Principal Transaction Documents and the transactions contemplated thereunder. Further, and on the same basis, 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 Link to enter into the Principal Transaction Documents and the transactions contemplated thereunder.

SECTION XIII. REGULATORY IMPLICATIONS

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The Aggregate Consideration of approximately AUD683 million (equivalent to approximately HKD3,649 million) together with the Expenses (equivalent to approximately HKD212 million): (1) represents approximately 2.32% of the total market capitalisation of Link (based on the average closing price of the Units on the Stock Exchange for the five Hong Kong business days immediately preceding the date of this announcement); (2) represents approximately 1.69% of the total assets of Link as at 30 September 2019 (as disclosed in the 2019/20 Interim Report); and (3) is less than 15% of the gross asset value of Link as at 30 September 2019 (as disclosed in the 2019/20 Interim Report).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the counterparties to the Principal Transaction Documents and their respective ultimate beneficial owners are Independent Third Parties. Accordingly, the transactions under the Principal Transaction Documents do not constitute connected party transactions of Link under the REIT Code and no Unitholders' approval is required under the REIT Code and the Trust Deed to enter into the Principal Transaction Documents.

1. Submission with regard to 7.5(b) of the REIT Code

Under 7.5(b) of the REIT Code, a REIT may hold real estate through SPVs provided that, among other things, the SPVs are incorporated in jurisdictions which have established laws and corporate governance standards which are commensurate with those observed by companies incorporated in Hong Kong. The Manager has made a submission in respect of 7.5(b) of the REIT Code that Australian law governed unit trusts have commensurate investor protections as companies incorporated in Hong Kong.

2. 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 Target Property through intermediate holding entities for the purposes of: (a) allowing Link to avail itself of the concessional managed investment trust regime, as set out in the section headed "Overview of the Property Market and Relevant Regulations in Australia"; (b) providing a structure where future Australian investments of Link can be held under the Holding Trust, while the Buyer Trust is used to hold the Leasehold Trust and the Nominal Freehold Interest as well as for the purposes of obtaining external financing for the Acquisition; and (c) providing operational flexibility and facilitating future group reorganisation and/or future investment exit by disposing of property interests through any level of the SPVs (which may achieve potential cost savings), subject to Completion and the condition that there will be no change to the maximum number of eight layers of SPVs used by Link for holding the Target Property without further approval of the SFC.

SECTION XIV. GENERAL

1. About the Buyer, the Leasehold Trustee Buyer and Link

The Buyer is the trustee for the Buyer Trust which is a unit trust constituted under the laws of Australia. The Buyer will solely be used to hold the Target Property (through the acquisition of the Leasehold Interest and Nominal Freehold Interest) in its capacity as trustee for the Buyer Trust upon Completion.

The Leasehold Trustee Buyer is a company incorporated under the laws of BVI. The Leasehold Trustee Buyer will solely be used to hold the shares in the Leasehold Trustee 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 the PRC.

2. About the Seller Group

According to the information provided by the Seller Group, as at the date of this announcement, the Leasehold Seller and the Freehold Seller are each trusts in which certain funds managed by Blackstone hold a 100% indirect economic interest. The Trustee Seller is a company incorporated in the United Kingdom in which certain funds managed by Blackstone hold a 100% indirect economic interest. Blackstone is a global alternative investment and management company.

3. Further Announcement

There is a condition precedent in the Unit Sale Agreement, the Share Sale Agreement and the Sale Contract. **Completion of the Acquisition is subject to the satisfaction of such condition precedent, and may or may not take place. Unitholders and potential investors of Link are advised to exercise caution when dealing in the Units.**

The Manager will make further announcements upon Completion, or alternatively, if Completion does not take place due to the non-satisfaction of the condition precedent. The Manager will also announce any Adjustment Amount made by the Buyer or the Leasehold Seller.

SECTION XV. DEFINITIONS

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

2019/20 Interim Report the interim report of Link for the 6 months ended 30 September 2019

77C Leasehold Owner	Castlereagh Sub I Trust, a unit trust constituted in Australia held by the Leasehold Seller, being the holder of the leasehold estate of the office tower located at 77 Castlereagh Street and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party
77C Nominal Owner	Castlereagh FH Sub I Trust, a unit trust constituted in Australia held by the Leasehold Seller, being the holder of the freehold estate of the office tower located at 77 Castlereagh Street and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party
85C Leasehold Owner	Castlereagh Sub II Trust, a unit trust constituted in Australia held by the Leasehold Seller, being the holder of the leasehold estate of the office tower located at 85 Castlereagh Street and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party
85C Nominal Owner	Castlereagh FH Sub II Trust, a unit trust constituted in Australia held by the Leasehold Seller, being the holder of the freehold estate of the office tower located at 85 Castlereagh Street and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party
Acquisition	the acquisition of: (a) all of the units in the Leasehold Trust (under the Unit Sale Agreement); (b) all of the shares in the Leasehold Trustee (under the Share Sale Agreement); and (c) the Nominal Freehold Interest (under the Sale Contract)
Adjustment Amount	the difference between the Completion Amount and the Final Completion Amount which must be treated as an absolute number
Adjustment Date	has the meaning ascribed to it of the section headed “Key Terms of the Principal Transaction Documents”
Aggregate Consideration	approximately AUD683 million (equivalent to approximately HKD3,649 million), being the aggregate of the consideration payable for the Acquisition

Agreed Property Value	the free-from-encumbrances value attributed to the Target Property as agreed between the Leasehold Seller and the Buyer for the acquisition of the Leasehold Interest
Appraised Property Value	AUD683 million as at 16 December 2019, as appraised by the Principal Valuer
AUD	Australian dollar, the lawful currency of Australia
Australia	the Commonwealth of Australia
Base Transaction Amount	approximately AUD683 million
Board	the board of Directors
Business Day	a day which is not a Saturday, Sunday or bank or public holiday in Sydney, Australia or Hong Kong
Buyer	Market Mid Pty Ltd, in its capacity as trustee for the Buyer Trust, and an indirectly wholly-owned SPV of Link
Buyer Trust	Market Mid Trust, being a unit trust constituted in Australia for the purpose of acquiring all of the units in the Leasehold Trust, and an indirectly wholly-owned SPV of Link
BVI	the British Virgin Islands
CBD	central business district
Completion	completion of the Acquisition
Completion Amount	<p>the Base Transaction Amount: (a) <i>plus</i> the sum of the balances of the working capital asset items as set out in the estimated completion amount statement; (b) <i>less</i> the sum of the balances of the working capital liability items as set out in the estimated completion amount statement; and (c) <i>less</i> the sum of valuation difference calculated by the following formula:</p> $\text{Valuation difference} = A \times B / C$ <p>where:</p> <p>A = AUD610,664, being the rent roll difference if Completion takes place on 31 January 2020</p>

B = the number of days between the date of Completion and 1 April 2020

C = 60, being the number of days between 31 January 2020 and 1 April 2020

<i>Coordination Deed</i>	the coordination deed dated 19 December 2019 governing the coordination of certain matters as between the Leasehold Trustee, 77C Leasehold Owner, 85C Leasehold Owner, 77C Nominal Owner and 85C Nominal Owner regarding their respective leasehold interests in the Land on which the Target Property is situated
<i>Development</i>	the development as a whole known as “188 Pitt Street Precinct” consisting of a retail component known as “Westfield Sydney Shopping Centre”, two office towers located at 77 Castlereagh Street and 85 Castlereagh Street and the Target Property, as well as an observation tower known as “Sydney Tower”
<i>Directors</i>	the directors of the Manager
<i>Eligible Claim</i>	has the meaning ascribed to it under the section headed “Key Terms of the Principal Transaction Documents”
<i>Expenses</i>	expenses in an aggregate amount of approximately HKD212 million payable by Link in respect of professional services fees, GST and stamp duty in connection with the Acquisition
<i>FATA</i>	Foreign Acquisitions and Takeovers Act 1975 (Cth)
<i>Final Completion Amount</i>	the total actual Completion Amount specified in the final completion amount statement as set out in the Unit Sale Agreement
<i>Foreign Investment Review Board Approval</i>	the notification of no objection to the Acquisition issued by the Treasurer under the FATA
<i>Freehold Seller</i>	Windsor Sub TC Pty Ltd, in its capacity as trustee for Market FH Sub Trust, who (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) is an Independent Third Party
<i>GST</i>	Goods and Services Tax
<i>HKD</i>	Hong Kong dollars, the lawful currency of Hong Kong

<i>Holding Trust</i>	Link Australia Holdings Trust, being a unit trust constituted in Australia for the purpose of holding all of the units in the Buyer Trust, and an indirectly wholly-owned SPV of Link
<i>Hong Kong</i>	the Hong Kong Special Administrative Region of the PRC
<i>Independent Third Party</i>	an independent third party who is not a connected person (as defined in the REIT Code) of Link
<i>Land</i>	lot 1 in deposited plan 1182754
<i>Leasehold Interest</i>	an interest as tenant under the Target Property Lease
<i>Leasehold Owners</i>	collectively, the 77C Leasehold Owner, the 85C Leasehold Owner and the Leasehold Trust
<i>Leasehold Seller</i>	Market Mid TC Pty Ltd, in its capacity as trustee for Market Mid II Trust, who (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) is an Independent Third Party
<i>Leasehold Trust</i>	Market Sub Trust
<i>Leasehold Trustee</i>	Market Sub TC Pty Ltd
<i>Leasehold Trustee Buyer</i>	Joy Success Developments Limited, being a company incorporated in the BVI for the purpose of acquiring all of the shares in the Leasehold Trustee, and an indirectly wholly-owned SPV of Link
<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 its SPVs
<i>Link BVI Entities</i>	Thriving Land Limited and Sonic Might Limited, being companies incorporated in the BVI for the purpose of acquiring 99% and 1% of the units of the Holding Trust respectively, and indirectly wholly-owned SPVs of Link
<i>Manager</i>	Link Asset Management Limited, a company incorporated under the laws of Hong Kong, which is the manager of Link

MIT	Managed Investment Trust as defined under Subdivision 275A of the <i>Income Tax Assessment Act 1997</i> (Cth)
Nominal Freehold Interest	a 2/2,000,000 share of the Land as tenant in common
Perpetual Group	Perpetual Limited, a company incorporated in Australia whose shares are listed on the Australian Securities Exchange (stock code: PPT) and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party, and where the context requires, refers to or includes its subsidiary(ies)
PRC	the People's Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Principal Transaction Documents	collectively, the Unit Sale Agreement, the Sale Contract, the Share Sale Agreement and the Coordination Deed
Principal Valuer	Colliers International (Hong Kong) Limited
REIT	real estate investment trust
REIT Code	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being
Sale Contract	the sale contract dated 19 December 2019 entered into between the Freehold Seller and the Buyer which sets out the terms on which the Freehold Seller will sell the Nominal Freehold Interest to the Buyer
Seller Group	collectively, the Leasehold Seller, the Trustee Seller and the Freehold Seller
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
Share Sale Agreement	the share sale agreement dated 19 December 2019 entered into between the Trustee Seller and the Leasehold Trustee Buyer which sets out the terms on which the Trustee Seller will sell 100% of the issued shares in the Leasehold Trustee to the Leasehold Trustee Buyer

SPV	special purpose vehicle
Stock Exchange	The Stock Exchange of Hong Kong Limited
Target Property	the building located at 100 Market Street comprising part of the Development
Target Property Lease	the 299 year lease (registered number AP446072) of the Target Property, as further disclosed under the section headed “the Target Property”
Treasurer	the Treasurer of the Commonwealth of Australia
Trust Deed	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link (as amended and supplemented by 12 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
Trustee Seller	BREP Asia II Pitt UK HoldCo Limited, who (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) is an Independent Third Party
Unit Sale Agreement	the unit sale agreement dated 19 December 2019 entered into between the Leasehold Seller and the Buyer which sets out the terms on which the Leasehold Seller will sell 100% of the issued units in the Leasehold Trust to the Buyer
Unit(s)	unit(s) of Link
Unitholder(s)	holder(s) of Unit(s)
%	per centum or percentage

The HKD equivalent of AUD disclosed in this announcement is arrived at using the Treasury Markets Association spot rate (AUD1: HKD5.3419) quoted as at 17 December 2019.

By order of the Board
Link Asset Management Limited
(as manager of Link Real Estate Investment Trust)
WONG Tai Lun Kenneth
Company Secretary

Hong Kong, 19 December 2019

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

Chairman (also an Independent Non-Executive Director)

Nicholas Charles ALLEN

Executive Director

George Kwok Lung HONGCHOY (*Chief Executive 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

Elaine Carole YOUNG