

In connection with the authorisation of The Link REIT by the SFC, the Manager has applied to, and has received approval from, the SFC in relation to the modifications of, and waivers from, strict compliance with certain requirements of the REIT Code. A summary of such modifications and waivers is set out below.

### **Connected Party Transactions — Chapter 8 of the REIT Code**

The Link REIT has applied to the SFC for, and has received, a waiver from strict compliance with certain provisions in Chapter 8 of the REIT Code in relation to certain continuing connected party transactions of The Link REIT within the meaning of the REIT Code. Details of the waiver received are set out in the section headed “Connected Party Transactions” in this Offering Circular.

### **Property title — Rule 4.2(k), Rule 5.2(c) and Rule 7.7 of the REIT Code**

As stated in the section headed “Material Contracts and Other Documents and Information — Agreements Relating to the Acquisition of the Properties” in this Offering Circular, although HKHA will upon listing of The Link REIT and completion under the Property Agreement transfer to PropCo the legal and beneficial titles to 76 of the List 1 Properties, it will transfer only the beneficial title to 24 of the List 1 Properties and the beneficial title to all of the List 2 Properties (the “Subject Properties”). The legal title to the Subject Properties will only be conveyed to The Link REIT (via PropCo) in stages, details of which are set out in the section headed “Material Contracts and Other Documents and Information — Agreements Relating to the Acquisition of the Properties — Property Agreement” in this Offering Circular. In view of:

- the procedures which need to be gone through with the appropriate Government departments in order to finalise the legal title documentation for the Subject Properties;
- the fact that HKHA and the relevant Government departments are already working in a spirit of co-operation to achieve the title transfer; and
- the fact that the Government Agreement provides for the Government to convey the necessary legal title to the Housing Estates within which the List 2 Properties are situated to HKHA, thereby enabling HKHA to convey the legal title to the List 2 Properties to The Link REIT,

The Link REIT has applied to the SFC for, and has received modification of the requirements in Rule 4.2(k), Rule 5.2(c) and Rule 7.7 in the following manner and subject to the conditions below:

- (a) the respective legal and beneficial titles of the List 1 Properties and the List 2 Properties (as the case may be) shall be conveyed to The Link REIT in accordance with the Government Agreement and the Property Agreement and the stages for completion of the conveyance of the legal and beneficial titles to the Subject Properties (as the case may be) as more particularly described in the section headed “Material Contracts and Other Documents and Information — Agreements Relating to the Acquisition of the Properties — Property Agreement” in this Offering Circular;
- (b) The Link REIT shall report the progress of the conveyance of the legal and beneficial titles to the Subject Properties (as the case may be) (as per the staged transfers described in the aforementioned “Property Agreement” section in this Offering Circular) by way of disclosure in the annual report made by the Board of the Manager and a corresponding public announcement; and
- (c) the Manager shall disclose to investors as soon as practicable any material changes to the plans described in the Offering Circular for the conveyance of the respective legal titles to the Subject Properties by way of public announcements.

### **Manager independent from the Trustee — Rule 4.8 of the REIT Code**

HKHA will be divesting 100% of its ownership over the Properties by injecting them into The Link REIT. Upon listing, HKHA will only be holding Units, if any, in The Link REIT as a result of

arrangements relating to the Over-allotment Option as described in the section headed “Structure of the Global Offering — Over-allotment Option and Stabilisation” in this Offering Circular. It is expected that the Units will be widely held as a result of the Global Offering.

In light of the 100% divestment plan by HKHA of its ownership of the Properties and the intention that there will not be a majority or controlling owner of the Units upon listing of The Link REIT, the Manager considers the internalised management structure (as more particularly described in the section headed “Structure of The Link REIT” in this Offering Circular) as being appropriate in the circumstances. However, as the Trustee will be the registered owner of the Manager, this relationship will not be in strict compliance with Rule 4.8 of the REIT Code. Based on the above, The Link REIT has applied to the SFC for, and has received a waiver from, strict compliance with Rule 4.8 of the REIT Code, subject to the following conditions:

- (a) no Unitholder will hold an interest in 10% or more of the issued Units immediately upon completion of the Global Offering;
- (b) the Manager shall use its best efforts to restore the percentage of Units held in public hands to a minimum of 25% of the total issued and outstanding Units in the event the Board becomes aware that such percentage has fallen below 25%;
- (c) the Manager shall remain 100% beneficially owned by The Link REIT for so long as The Link REIT remains authorised by the SFC and listed on the Hong Kong Stock Exchange;
- (d) the Manager shall only manage The Link REIT and no other real estate investment trusts or schemes; and
- (e) despite the relationship between the Manager and the Trustee as a result of the Manager being 100% legally owned by the Trustee, the Manager shall remain functionally independent of the Trustee in accordance with general principle GP2 of the REIT Code.

**Valuation Reports — Summary format and language requirement — Rule 9.2, Appendix B, Paragraph 2(q) and Appendix B, Paragraph 31(c) of the REIT Code**

Strict compliance with Appendix B, Paragraph 2(q) of the REIT Code would require that particulars of each Property must be contained in the Valuation Reports. A full valuation report containing all the details required by the REIT Code for each individual Property would run to between 16,000 — 20,000 pages of English text and 32,000 — 40,000 pages of Chinese text. In the circumstances, therefore, The Link REIT has applied for, and has received, dispensation from strict compliance with Rule 9.2, Appendix B, Paragraph 2(q) and Appendix B, Paragraph 31(c) of the REIT Code on the basis that instead of including the full set of Valuation Reports for each of the 180 Properties in the Offering Circular, the valuation reports of the 30 largest Properties be available for inspection in both Chinese and English and the remaining 150 Properties be made available for inspection in English only.

The Manager considers the above format reasonable in light of the undue burden that may be imposed on The Link REIT if a full set of bilingual valuation reports is required to be included in this Offering Circular or otherwise be made available to the public.

**Strategic Partner’s Fee — Rule 9.12(b) of the REIT Code**

Under the section headed “Material Contracts and Other Documents and Information” in this Offering Circular, it is disclosed that pursuant to the Co-operation Agreement, the Strategic Partner will be paid a performance fee based on the formula described in the section headed “Manager’s Discussion and Analysis of Future Operations” in this Offering Circular. The performance fee is determined by the increase (if any) in the aggregate Total Distributable Income of the average number of Units (on a time weighted basis) in issue for the relevant financial year compared with that for the immediately preceding financial year. Given that the obligation to pay the Strategic Partner’s performance fee arises from the contractual relationship between the Strategic Partner and the

Manager and the fees and charges of the Manager are paid by The Link REIT on a cost recovery basis, this results in the flow of payment for the Strategic Partner's performance fee being from The Link REIT to the Strategic Partner through the Manager. Since the Strategic Partner's performance fee is payable by the Manager out of the assets of The Link REIT on a cost recovery basis, technically that recovery by the Manager of such costs could be in breach of Rule 9.12(b) of the REIT Code.

Accordingly, The Link REIT has applied to the SFC for, and has received, a waiver from strict compliance with the requirement in Rule 9.12(b) on the grounds that the formula for the performance fee as set out in this Offering Circular is not based on a "high on high" basis by reference to net asset value per Unit.

Since the performance fee payable to the Strategic Partner is based on distributable income per Unit, the waiver from strict compliance with Rule 9.12(b) is subject to the following conditions:

- (a) the performance fee payable to the Strategic Partner shall be subject to disclosure in the annual audited financial statements and the amount charged for the relevant financial year shall be disclosed accordingly;
- (b) the calculation of the performance fee shall be made in strict compliance with the formula in the Co-operation Agreement and be subject to oversight by the Audit Committee;
- (c) there shall not be a variation of the performance fee formula without the prior approval of the Board, and where applicable under the REIT Code or considered necessary by the Board, the prior approval of the Unitholders for the time being; and
- (d) The Link REIT maintains an internalised management structure as described in the section headed "Operations of the Manager" in this Offering Circular, and its fees and charges will be paid on a "cost recovery" basis.

#### **Operating data of each of the Properties — Appendix B, Paragraph 2(i) of The REIT Code**

There are a total of 180 Properties and as disclosed under the section headed "The Properties and Business" in this Offering Circular, the Retail Facilities benefit from a large and diverse tenant pool comprising approximately 9,200 separate leases. Appendix B, Paragraph 2(i) of the REIT Code requires the disclosure in this Offering Circular to include the operating data of each of the Retail Facilities, including the occupancy rate, number of tenants and its mix in terms of occupation or business, principal provisions of the leases, average annual rental per square foot and schedule of lease expirations for the next five years.

Strict compliance with the disclosure requirements of Appendix B, Paragraph 2(i) for a portfolio of approximately 9,200 leases will be unduly burdensome and The Link REIT has applied to the SFC for, and has received, a waiver from strict compliance with such provision on the condition that disclosure on tenants of the Retail Facilities be made in the manner set out under the section headed "The Properties and Business — Details of the Retail Facilities — Tenant Profile" in this Offering Circular, including the table setting out detailed information relating to the 10 largest tenants of the Retail Facilities.

#### **Licencing Conditions for the Manager**

In addition to the statutory conditions set out in the SFO, the SFC has imposed the following licencing conditions upon the Manager:

- The Manager's licence shall lapse and cease to have effect as and when:
  - (i) The Link REIT is de-authorised; or
  - (ii) the Manager ceases to act as the management company of The Link REIT;and
- The Manager shall only engage in managing The Link REIT.