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The 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)

PROPOSED ACQUISITION OF PROPERTY

The Board is pleased to announce that pursuant to the SPA dated 22 December 2011, The Link REIT (through the Purchaser) agreed to acquire the Sale Shares and the Sale Loans of the Target Company at the Consideration of HK\$588.4 million (before and subject to adjustment as described below). The Target Company is an indirect wholly-owned subsidiary of Sino Land and the sole registered owner of the Property (known as at the date of this announcement as the Commercial Accommodation on the Ground Floor and Upper Ground Floor of “Maritime Bay (海悦豪園)” at 18 Pui Shing Road, Tseung Kwan O, New Territories, Hong Kong). The Purchaser paid to the Vendor (a direct wholly-owned subsidiary of Sino Land) a deposit of HK\$58.84 million upon entering into the SPA, and will pay the balance of the Consideration in accordance with the terms of the SPA. Completion is expected to take place on 20 January 2012 (or such other date as may be agreed between the Purchaser and the Vendor).

This announcement is made pursuant to paragraphs 10.3 and 10.4 of the REIT Code. The aggregate amount of the Consideration (being HK\$588.4 million, before and subject to adjustment as described below) together with the Expenses payable in connection with the Acquisition represents approximately 0.79% of the total assets of The Link REIT as at 30 September 2011 (as disclosed in the 2011/12 Interim Report), which does not exceed 15% of the gross asset value of The Link REIT as at that date and as shown in the 2011/12 Interim Report. The Manager is satisfied that no Unitholders’ approval is required for the Purchaser to enter into the SPA and the transactions contemplated thereunder. Based on the information and confirmation given by the Manager to the Trustee, the Trustee is also satisfied that no Unitholders’ approval is required for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

The Board is pleased to announce that the Purchaser (a special purpose vehicle indirectly wholly-owned by The Link REIT) entered into the SPA with the Vendor in respect of the Acquisition.

KEY TERMS OF THE SPA

Date: 22 December 2011

Parties: (i) King Chance Development Limited as the Vendor;
(ii) The Link Properties Limited as the Purchaser; and
(iii) Sino Land as the Guarantor.

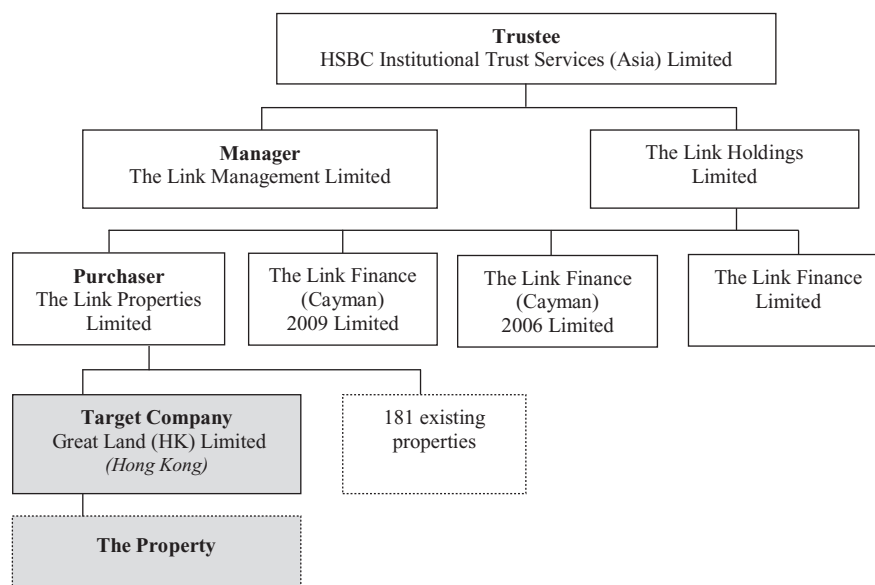
The Vendor is a direct wholly-owned subsidiary of the Guarantor. To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, each of the Vendor, the Guarantor and their respective ultimate beneficial owner(s) is an Independent Third Party.

Subject of the Acquisition: Pursuant to the SPA, the Vendor as beneficial owner shall sell the Sale Shares and procure the sale of the Sale Loans to the Purchaser, both free from all encumbrances and together with all rights attached or accruing thereto at Completion (including the right to receive all dividends, interests and other distributions or amounts declared, made or paid on or after the date of Completion).

The Sale Shares represent the entire issued share capital of the Target Company.

Based on the audited statement of financial position of Target Company as at 30 June 2011, the outstanding amount of the Sale Loans was approximately HK\$54.0 million. The actual amount of the Sale Loans to be assigned to the Purchaser on a dollar-for-dollar basis on Completion shall be the outstanding sum shown in the Completion Accounts.

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



On and after Completion, the Target Company will have no other business except investment in the Property.

Consideration:

The Consideration (being HK\$588.4 million before and subject to adjustment as described below) was arrived at after commercial negotiation on an arm's length basis, taking into account the quality of the Property and its rental income, and the Appraised Value of HK\$580.0 million as set out in the Valuation Report by the Independent Property Valuer.

Under the SPA, the Consideration will be adjusted by reference to the value of the current assets less the current liabilities of the Target Company as at the date of Completion in accordance with the terms of the SPA. Essentially, if the resulting net current asset value is a negative figure, the Consideration will be reduced by such negative amount, and vice versa. The Vendor shall prepare and deliver the Completion Accounts in accordance with the terms of the SPA. Based on the information provided by the Vendor, the Manager anticipates that the Consideration, after adjustment according to net current asset value shown in the Completion Accounts, will be less than HK\$588.4 million. By reference to the audited statement of financial position of Target Company as at 30 June 2011 and information provided by the Vendor, the Manager currently anticipates that as at the date of Completion:

- (i) non-current assets of Target Company will comprise only the Property; and
- (ii) non-current liabilities of Target Company will comprise the Sale Loans (which will be assigned to Purchaser pursuant to the SPA) and deferred taxation liability, which liability (except for an insignificant amount of approximately HK\$1 million, as the Manager currently estimates based on the audited statement of financial position of Target Company as at 30 June 2011) is expected to be reversed after Target Company is acquired and consolidated into the accounts of The Link REIT in accordance with The Link REIT's accounting policies.

The Manager will make a further announcement when the Consideration is finally determined according to the Completion Accounts.

The Consideration is payable in cash. A deposit of HK\$58.84 million (representing 10% of the Consideration before any adjustment) was paid on 22 December 2011, the date of entering into of the SPA. The balance of the Consideration (before final adjustment) will be ascertained by reference to a set of pro-forma completion accounts (to be delivered by the Vendor) and payable on Completion in accordance with the terms of the SPA.

The deposit will be refunded (together with accrued interest) to the Purchaser if Completion does not take place:

1. due to termination of the SPA by the Purchaser or the Vendor because any of the Condition(s) have not been satisfied (or waived) in accordance with the terms of the SPA; or
2. because the Vendor fails to perform any of its obligation(s) for Completion under the SPA and the SPA is terminated by the Purchaser.

The Consideration (before adjustment) represents a premium of approximately 1.45% over the Appraised Value.

The aggregate amount of the Consideration (being HK\$588.4 million before adjustment), together with the Expenses payable in connection with the Acquisition, represents approximately 0.79% of the total assets of The Link REIT as at 30 September 2011 (as disclosed in the 2011/12 Interim Report).

Guarantee:

Sino Land, as the Guarantor, shall unconditionally and irrevocably guarantee the due performance by the Vendor of its obligations under the SPA.

Conditions:

Completion is conditional upon:

- (a) there being no breach of any of the warranties on title to the Sale Shares and the Sale Loans and there being no dilution to the shareholding ratio represented by the Sale Shares immediately before Completion (i.e., 100%);
- (b) during the period between the signing of the SPA and Completion, no substantial or material part of the Property – being 50% or more of the gross floor area – is condemned or closed or declared dangerous by the Hong Kong Government, rendered inaccessible or damaged to a material extent or destroyed for any reason; and
- (c) all waivers from the SFC from strict compliance with certain provisions of the REIT Code in respect of the transactions contemplated in the SPA not having been revoked (other than any revocation resulting from or by reason of any act or omission of the Purchaser or any member of its group or their respective management).

The Purchaser and the Vendor may elect to terminate the SPA if any Condition is not satisfied (or waived) on Completion.

Completion: Completion will take place immediately upon satisfaction (or waiver) of all the Conditions, which is expected to take place on 20 January 2012 (or such other date as may be agreed between the Purchaser and the Vendor).

The Manager will make an announcement on Completion.

Other terms: The SPA contains indemnities, representations, warranties, undertakings and other provisions in customary terms for transactions of this nature and scale.

THE PROPERTY

General description of the Property: The Property forms the entire Commercial Accommodation (as referred to in the Deed of Mutual Covenant) of the Estate. It comprises shops and shopping arcade. Based on the Valuation Report, the Property has a gross floor area of approximately 63,466 square feet. According to the occupation permit relating to the Property, the Property was completed for occupation in 1998.

Tenancies: Based on information provided by the Vendor, as at the date of this announcement, there are around 32 tenancies and various licences at the Property, delivering a monthly rental income (excluding management fees) of approximately HK\$2.3 million. Based on information provided by the Vendor, currently, the shops at the Property are fully tenanted, and the retail trade-mix comprises, principally, services, supermarket, and food and beverage.

General description of the Estate: The Estate (of which the Property forms part) is known as “Maritime Bay (海悦豪園)” at 18 Pui Shing Road, Tseung Kwan O, New Territories, Hong Kong. It is a composite development with two blocks of residential apartments over a podium, shopping arcade and car parking spaces on the ground floor and upper ground floor, and car parking spaces on the basement floor.

Government Lease term; undivided shares: The Property is held under New Grant No. 8530 from the Government of Hong Kong for the term of years from 27 March 1995 to 30 June 2047.

All those 573/5,411 undivided shares allocated to the Property under the Deed of Mutual Covenant, which represent 100% of the undivided shares allocated to the Commercial Accommodation (as referred to in the Deed of Mutual Covenant) of the Estate, are solely owned by the Target Company (which will, after Completion, be wholly-owned by the Purchaser). The remaining 4,838/5,411 undivided shares of the Estate represent the undivided shares allocated to the other separate portions of the Estate, such as the residential accommodation, car-parking spaces and common areas including the club house (as referred to in the Deed of Mutual Covenant) of the Estate.

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

Valuation of the Property: As at 21 December 2011, the Property, based on its then existing use, had an Appraised Value of HK\$580.0 million as valued by the Independent Property Valuer and, according to the Valuation Report, the estimated passing initial yield of the Property was approximately 4.8%.

Fees and charges: 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 usual remuneration under the Trust Deed which is based on a percentage per annum of the Property Values (as defined in the Trust Deed).

No agency fee is payable in connection with the Acquisition.

At this stage, based on information gathered from the Vendor, the Manager does not foresee the need for any major capital expenditure on the Property shortly after Completion.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The financial information of the Target Company has been prepared in accordance with Hong Kong Financial Reporting Standards.

Based on the audited accounts of the Target Company provided by the Vendor: (i) the net asset value of the Target Company as at 30 June 2011 was approximately HK\$397.4 million; and (ii) net profit before, and after, taxation of the Target Company were approximately HK\$131.0 million and HK\$109.4 million, respectively, for the year ended 30 June 2011; and approximately HK\$120.0 million and HK\$100.2 million, respectively, for the year ended 30 June 2010.

FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The Consideration, together with the Expenses of approximately HK\$6 million, will all be funded from The Link REIT's own cash resources and existing debt facilities. The Acquisition is not expected to have any material impact on the financial position of The Link REIT as compared to that as at 30 September 2011 (as disclosed in the 2011/12 Interim Report). The payment of the Consideration and the Expenses will not affect the payment by The Link REIT of the interim distribution for the six months ended 30 September 2011.

Upon Completion, based on the consolidated financial position of The Link REIT as disclosed in the 2011/12 Interim Report, the pro-forma adjusted ratio of debt to total assets of The Link REIT is anticipated to change from approximately 16.7% to approximately 17.4% assuming (i) a draw-down of HK\$594.4 million on The Link REIT's existing debt facilities, and (ii) an adjustment to include the Consideration (before and subject to adjustment as described above) in the total assets of The Link REIT as if the Acquisition took place on 30 September 2011.

REASONS FOR THE ACQUISITION

The Directors consider the Acquisition a good investment opportunity and believe that The Link REIT will benefit from the anticipated growth in rental and value of the Property which will be held as long-term investment by The Link REIT.

The Acquisition is consistent with the investment policy of The Link REIT and the Manager's objective of growing returns for the Unitholders. The pursuit of a yield-accretive strategy through adding quality income-producing properties and driving synergy value among The Link REIT's existing portfolio is a step up from the Manager's organic growth through on-going asset enhancement initiatives. This, as the Board believes, enhances the distribution yield of The Link REIT.

INFORMATION ON THE TARGET COMPANY

The Target Company, a company incorporated in Hong Kong, is a direct wholly-owned subsidiary of the Vendor and the sole registered owner of the Property. The Vendor, a company incorporated in Hong Kong, is a direct wholly-owned subsidiary of Sino Land. To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, all of the Target Company, Vendor and Sino Land are Independent Third Parties.

OPINION OF THE BOARD

The Board is satisfied that the Acquisition pursuant to the SPA and the transactions contemplated thereunder are at arm's length, on normal commercial terms, and are fair and reasonable and in the interests of The Link REIT and the Unitholders as a whole. Further, the Board is satisfied that no Unitholders' approval is required for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

CONFIRMATION BY THE MANAGER

The Manager confirms that due diligence has been carried out in accordance with the relevant provisions under the REIT Code and the Manager's compliance manual. The Manager is satisfied that The Link REIT (through the Purchaser) will hold good marketable legal and beneficial title in the Property immediately upon Completion.

OPINION OF THE TRUSTEE

Based on the opinion of the Board and the information and confirmation given by the Manager to the Trustee, the Trustee is satisfied that:

- (i) the Acquisition is consistent with The Link REIT's investment policy and in compliance with the REIT Code and the Trust Deed; and
- (ii) no Unitholders' approval is required for the Purchaser to enter into the SPA and the transactions contemplated under the SPA.

REGULATORY IMPLICATIONS

This announcement is made pursuant to paragraphs 10.3 and 10.4 of the REIT Code. The aggregate sum of the Consideration (pre-adjustment) and the Expenses (being, in aggregate, approximately HK\$594.4 million) payable in connection with the Acquisition represents approximately 0.79% of the total assets of The Link REIT as at 30 September 2011 (as disclosed in the 2011/12 Interim Report), which does not exceed 15% of the gross asset value of The Link REIT as at that date and as shown in the 2011/12 Interim Report.

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

The Manager has applied to the SFC for a waiver from strict compliance with paragraph 7.5(d) of the REIT Code, so as to allow The Link REIT to hold the Property through more than two layers of special purpose vehicles.

The Manager will make an announcement on Completion. The Manager will also make an announcement when the Consideration is finally determined according to the Completion Accounts.

GENERAL

About The Link REIT and the Manager

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

The Link REIT, managed by the Manager, currently has a portfolio consisting of properties with an internal floor area of approximately 11 million square feet of retail space and approximately 80,000 car park spaces.

About the Vendor and Sino Land

According to information provided by the Vendor to the Manager, the Vendor is a direct wholly-owned subsidiary of Sino Land. The Vendor, which entered into the SPA with the Purchaser, made representations and gave warranties and undertakings to the Purchaser under the SPA.

Sino Land is an investment holding company and its shares are listed on the Main Board of the Stock Exchange (stock code: 83). Its subsidiaries engage principally in property development and investment, hotel operations, building management services, securities investment and financing.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“2011/12 Interim Report”	the interim report for the six months ended 30 September 2011 of The Link REIT
“Acquisition”	the proposed acquisition of the Sale Shares and the Sale Loans by the Purchaser pursuant to the terms of the SPA
“Appraised Value”	HK\$580.0 million, being the value of the Property as at 21 December 2011 as appraised by the Independent Property Valuer
“Board”	the board of Directors
“Completion”	completion of the Acquisition pursuant to the terms of the SPA
“Completion Accounts”	the accounts of the Target Company for the period from 1 July 2011 and ending on the date of Completion prepared by the Vendor in accordance with the terms of the SPA for ascertaining the adjustment to the Consideration
“Conditions”	means the conditions precedent to Completion as described under the section headed “KEY TERMS OF THE SPA – Conditions” of this announcement
“connected person”	has the meaning ascribed to it under Chapter 8 of the REIT Code
“Consideration”	the total purchase price payable for the Sale Shares and the Sale Loans pursuant to the SPA
“Deed of Mutual Covenant”	the Deed of Mutual Covenant in relation to the Estate registered in the Land Registry by Memorial No.SK368981
“Directors”	the directors of the Manager
“Estate”	the entire residential and commercial development on the Land known as Maritime Bay (海悦豪園)
“Expenses”	expenses of approximately HK\$6 million payable by the Purchaser in connection with the Acquisition
“Hong Kong” and “HK\$”	the Hong Kong Special Administrative Region of the People’s Republic of China, and Hong Kong dollars (the lawful currency of Hong Kong), respectively

“Independent Property Valuer”	Jones Lang LaSalle Limited, the current Principal Valuer (as defined in the REIT Code) of The Link REIT and valuer appointed for valuing the Property for the purpose of the REIT Code and the Trust Deed, which is an independent property valuer within the meaning of Chapter 6 of the REIT Code
“Independent Third Parties”	third parties who are independent of, and are not connected persons to, The Link REIT
“Land”	all that piece or parcel of ground registered in the Land Registry as Tseung Kwan O Town Lot No. 49 on which the Property is situated
“Manager”	The Link Management Limited, a company incorporated under the laws of Hong Kong with limited liability, which is the manager of The Link REIT
“Property”	Commercial Accommodation on the Ground Floor and Upper Ground Floor of the Estate. Further description of the Property appears in the section headed “THE PROPERTY” of this announcement
“Purchaser”	The Link Properties Limited, a company incorporated in the Cayman Islands with limited liability, which is a special purpose vehicle wholly-owned by The Link REIT and is the registered owner of all the existing 181 properties of The Link REIT
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC, as amended, supplemented or otherwise modified for the time being
“Sale Loans”	all loans and other amounts (whether principal, interest or otherwise) outstanding and owing by Target Company to Sing-Ho Finance Company Limited, a wholly-owned subsidiary of Sino Land, on Completion which will be assigned to the Purchaser pursuant to the SPA
“Sale Shares”	1,000,000 shares of HK\$1.00 each of Target Company, being its entire issued share capital, which are beneficially wholly owned by the Vendor and will be transferred to the Purchaser pursuant to the SPA on Completion
“SFC” and “SFO”	respectively, the Securities and Futures Commission of Hong Kong, and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Sino Land” or “Guarantor”	Sino Land Company Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 83), is the holding company of the Vendor, the Target Company and Sing-Ho Finance Company Limited, and it entered into the SPA as guarantor to guarantee the due performance by the Vendor of its obligations under the SPA. Further description of Sino Land appears in the section headed “GENERAL – About The Vendor and Sino Land” of this announcement
“SPA”	the sale and purchase agreement dated 22 December 2011 entered into between the Vendor, the Purchaser and the Guarantor in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Great Land (HK) Limited, a company incorporated under the laws of Hong Kong, which is the sole registered owner of the Property and an indirect wholly owned subsidiary of Sino Land. It is an Independent Third Party
“The Link REIT”	The 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)
“Trust Deed”	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting The Link REIT, as amended and supplemented by eight supplemental deeds dated 4 November 2005, 8 November 2005, 16 January 2006, 21 November 2006, 13 July 2007, 23 July 2007, 5 October 2009 and 23 July 2010, respectively
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of The Link REIT
“Unit(s)” and “Unitholder(s)”	respectively, unit(s) of The Link REIT, and holder(s) of the Unit(s)
“Valuation Report”	the valuation report on the Property as at 21 December 2011 by the Independent Property Valuer

“Vendor”

King Chance Development Limited, a company incorporated under the laws of Hong Kong, is a direct wholly-owned subsidiary of Sino Land and the beneficial owner of the Sale Shares. The Vendor is an Independent Third Party.

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

Hong Kong, 22 December 2011

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

Chairman (also an Independent Non-Executive Director)

Nicholas Robert SALLNOW-SMITH

Executive Directors

George Kwok Lung HONGCHOY *(Chief Executive Officer)*

Andy CHEUNG Lee Ming *(Chief Financial Officer)*

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Michael Ian ARNOLD

William CHAN Chak Cheung

Anthony CHOW Wing Kin

Patrick FUNG Yuk Bun

Stanley KO Kam Chuen

David Charles WATT

Richard WONG Yue Chim