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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)

ANNOUNCEMENT

NON-BINDING MEMORANDUM OF UNDERSTANDING

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

The Board is pleased to announce that on 19 December 2013, the Manager (as the manager of The Link REIT) entered into the non-binding MOU relating to an intended strategic cooperation in the PRC with China Vanke, an independent third party, whereby the Parties will jointly seek to find suitable investment opportunities in PRC retail properties.

In order for The Link REIT to invest in the PRC, Unitholders must first approve the expansion of the geographical scope of The Link REIT's investment strategy to areas outside Hong Kong.

Further announcements will be made by The Link REIT in accordance with all applicable requirements of the REIT Code as and when appropriate, including: (a) the announcement in relation to the seeking of approval for the Investment Scope Geographical Expansion; (b) after the EGM for approval of the Investment Scope Geographical Expansion has been held; (c) at the time when any definitive agreement is to be entered into with China Vanke pursuant to the MOU; and (d) at the end of the term of the MOU (being two years from 19 December 2013) to update the Unitholders on whether the MOU will lapse or be renewed.

Unitholders and potential investors in the units of The Link REIT should note that except for the provision on governing law and jurisdiction, the MOU is non-binding, and therefore, does not oblige the Manager or China Vanke to proceed with any definitive agreement with respect to the proposed strategic cooperation. Further, to effect the proposed strategic cooperation, Unitholders must first approve (by way of special resolution) the Investment Scope Geographical Expansion. There is no guarantee that such approval will be obtained from the Unitholders. **ACCORDINGLY, UNITHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE UNITS OF THE LINK REIT.**

This announcement is made pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts (the “**REIT Code**”).

The board of directors (the “**Board**”) of The Link Management Limited (the “**Manager**”), as manager of The Link Real Estate Investment Trust (“**The Link REIT**”), is pleased to announce that on 19 December 2013, the Manager and 萬科企業股份有限公司 (China Vanke Co., Ltd.) (“**China Vanke**”) entered into a non-binding memorandum of understanding (戰略合作意向書) (the “**MOU**”) relating to an intended strategic cooperation in The People’s Republic of China (the “**PRC**”).

A. KEY TERMS OF THE MOU

1. Date : 19 December 2013
2. Parties : (i) the Manager; and
(ii) China Vanke.
3. Strategic cooperation under the MOU : Pursuant to the MOU, the Manager and China Vanke (the “**Parties**”) will explore the feasibility of various options of strategic cooperation in the PRC, whereby the Parties will jointly seek to find suitable investment opportunities in retail properties in the PRC, which ideally, are located in densely populated communities in the PRC with important transportation networks and can provide a one-stop shopping experience to residents in the surrounding catchment area. No specific retail property is identified in the MOU.

The Manager will ensure that any strategic cooperation with China Vanke will comply with the REIT Code, other applicable laws and regulations and The Link REIT’s trust deed.

4. Condition precedent to proceeding with the strategic cooperation under the MOU : Currently, the investment strategy of The Link REIT is restricted to non-residential properties (excluding hotels and serviced apartments) in Hong Kong.
- Accordingly, China Vanke acknowledges that in order for The Link REIT to invest in the PRC, the unitholders of The Link REIT (the “**Unitholders**”) must first approve the expansion of the geographical scope of The Link REIT’s investment strategy to areas outside Hong Kong (the “**Investment Scope Geographical Expansion**”). Such matters will require the approval of Unitholders by special resolutions at an extraordinary general meeting (the “**EGM**”).
- If the condition precedent to proceeding with the strategic cooperation under the MOU is not satisfied by the end of the term of the MOU, the MOU shall lapse unless renewed.
5. Non-binding effect : The MOU is intended to record the direction of the strategic cooperation and provides a framework for the feasibility study of options of cooperation by the Parties once the condition precedent is satisfied. Except for the provision on governing law and jurisdiction summarised below, none of the provisions of the MOU is legally binding or obliges either Party to proceed with a definitive agreement with respect to the proposed strategic cooperation. Further, as the terms and conditions of the definitive agreements (if any) are subject to further negotiations between the Parties, they may differ from the terms and conditions of the MOU.
6. Term of MOU : The MOU is for a term of two years from 19 December 2013 and may be extended on its expiry if the Parties agree.
7. Governing law and jurisdiction : The MOU is governed by the laws of the PRC (and for the purposes of the MOU, excluding the laws of Hong Kong Special Administrative Region). The Parties agree to submit their disputes in relation to the MOU to a PRC court for resolution.

B. ABOUT CHINA VANKE

China Vanke was incorporated in the PRC and is an independent third party from The Link REIT. It was founded in 1984 and has been listed on the Shenzhen Stock Exchange since 1991. It has a market capitalisation of approximately RMB92,894 million (approximately USD15,301 million based on the exchange rate of USD1.00 to RMB6.07) as at 17 December 2013. China Vanke is a leading residential property developer in the PRC, primarily focusing on the development, sale and management of quality residential properties. China Vanke was ranked no. 1 in China in 2011 and 2012 in terms of contracted sales according to China Real Estate Appraisal Centre (中國房地產測評中心) and China Real Estate Information Corporation (中國房產信息集團). As at 31 December 2012, China Vanke had 320 property projects in various stages of development throughout approximately 60 major cities in the PRC. It had an aggregate recorded contracted gross floor area (GFA) of over 12.96 million square metres for the year ended 31 December 2012.

C. REASONS FOR, AND BENEFITS OF, THE PROPOSED STRATEGIC COOPERATION

The Manager believes that the proposed strategic cooperation will bring together The Link REIT's experience in commercial real estate investment, operation and management in Hong Kong with China Vanke's real estate development expertise, vast network of relationships and knowledge of local culture in the PRC. The proposed strategic cooperation may also provide The Link REIT with access to a high-quality pipeline of projects in the desirable "new mainstream" market or the urban middle-class segment of the PRC.

The Manager considers the terms of the proposed strategic cooperation as stated in the MOU to be fair and reasonable and in the interests of The Link REIT and the Unitholders as a whole for the following reasons:

- (1) The Link REIT would like to expand its business and investments beyond Hong Kong as part of its long-term investment strategy;
- (2) the proposed strategic cooperation will provide The Link REIT with an opportunity to partner with one of the leading property developers in the PRC to identify suitable real estate investment opportunities; and
- (3) the ability to capture investment opportunities in fast-growing economies such as the PRC will provide The Link REIT with long-term growth potential.

Further, based and in sole reliance on the approval of the Board and the information provided by the Manager, the trustee of The Link REIT has no objection to the signing of the MOU.

D. UPDATE OF STATUS OF MOU BY WAY OF FURTHER ANNOUNCEMENTS

In connection with the condition precedent to proceeding with the strategic cooperation under the MOU, the Manager intends to convene the EGM and despatch a circular to Unitholders to seek their approval (among other things) for the Investment Scope Geographical Expansion.

Further announcements will be made by The Link REIT in accordance with all applicable requirements of the REIT Code as and when appropriate, including: (a) the announcement in relation to the seeking of approval for the Investment Scope Geographical Expansion; (b) after the EGM for approval of the Investment Scope Geographical Expansion has been held; (c) at the time when any definitive agreement is to be entered into with China Vanke pursuant to the MOU; and (d) at the end of the term of the MOU (being two years from 19 December 2013) to update the Unitholders on whether the MOU will lapse or be renewed.

E. GENERAL

Unitholders and potential investors in the units of The Link REIT should note that except for the provision on governing law and jurisdiction, the MOU is non-binding, and therefore, does not oblige the Manager or China Vanke to proceed with any definitive agreement with respect to the proposed strategic cooperation. Further, to effect the proposed strategic cooperation, Unitholders must first approve (by way of special resolution) the Investment Scope Geographical Expansion. There is no guarantee that such approval will be obtained from the Unitholders. ACCORDINGLY, UNITHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE UNITS OF THE LINK REIT.

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, 19 December 2013

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

William CHAN Chak Cheung

Anthony CHOW Wing Kin

Patrick FUNG Yuk Bun

Stanley KO Kam Chuen

May Siew Boi TAN

David Charles WATT

Richard WONG Yue Chim

Elaine Carole YOUNG