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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)

ACQUISITION OF PROPERTY

On 18 August 2014, The Link REIT (through the Purchaser) entered into the SPA with the Vendor (a wholly-owned subsidiary of Kerry Properties Limited) pursuant to which for the Consideration (being HK\$1,380 million), the Vendor agreed to sell, and the Purchaser agreed to acquire, the Property, subject to and with the benefit of the Tenancies but otherwise free from encumbrances. The Purchaser paid a deposit of HK\$138 million on entering into the SPA, and will pay the balance of HK\$1,242 million on Completion which will take place on 18 September 2014.

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The Consideration, together with the Expenses, represents approximately (a) 1.51% of the total market capitalisation of The Link REIT (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of this announcement; and (b) 1.35% of the total assets of The Link REIT (as disclosed in the 2013/2014 Annual Report after adjusting for the final distribution paid by The Link REIT on 3 July 2014 and having taken into account the gain from the disposal of four properties by The Link REIT as announced on 20 May 2014).

The Consideration, together with the Expenses, is also less than 15% of the gross asset value of The Link REIT as at 31 March 2014 (as shown in the 2013/2014 Annual Report).

The Manager is satisfied, and (based on the information and confirmation given by the Manager to the Trustee), the Trustee is also satisfied, that no Unitholders' approval is required under the REIT Code for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

The Manager is pleased to announce that The Link REIT (through the Purchaser) has entered into the SPA with the Vendor in respect of the Acquisition.

KEY TERMS OF THE SPA

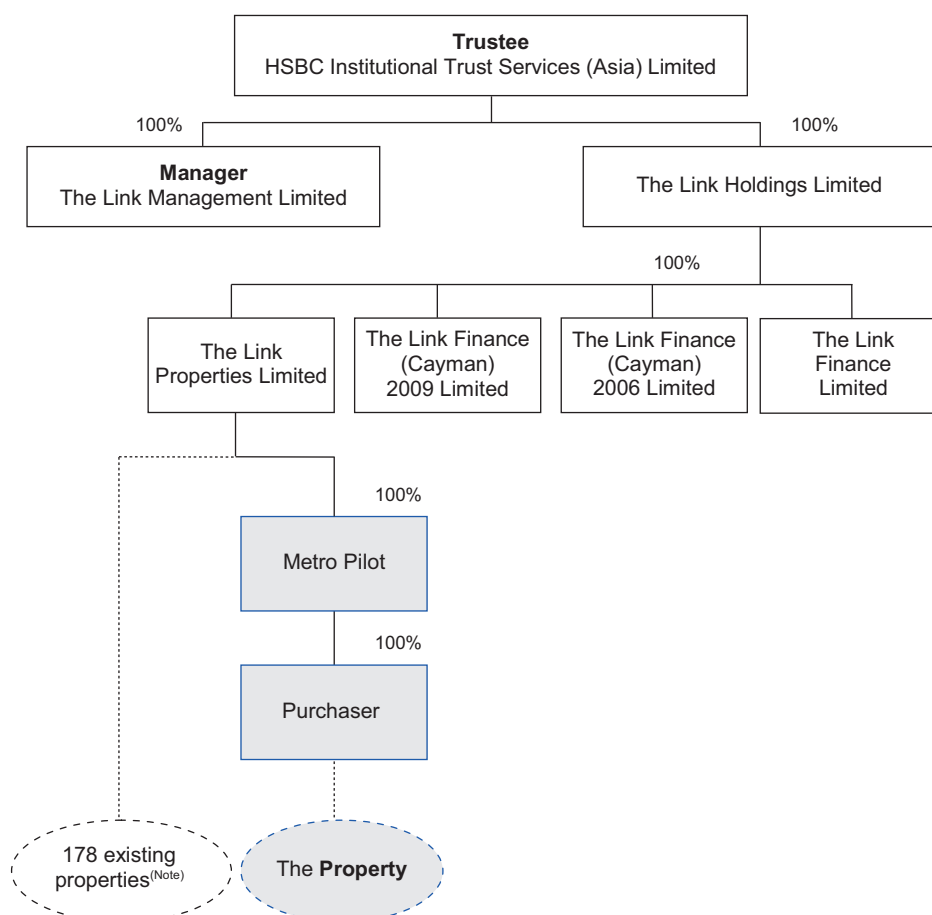
Date: 18 August 2014

Parties: (i) Bethan Company Limited as the Vendor; and
(ii) Link (LRM) Limited (a Special Purpose Vehicle wholly owned by The Link REIT) as the Purchaser.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendor, Kerry Properties Limited, and their respective ultimate beneficial owner(s) is an Independent Third Party.

Subject of the Acquisition: Pursuant to the terms of the SPA, the Purchaser will acquire the Property from the Vendor, subject to and with the benefit of the Tenancies but otherwise free from encumbrances.

Upon Completion, the Property will be held directly by the Purchaser (as registered owner) as follows:



(Note: The Link Properties Limited is the registered owner of existing 177 properties and Great Land (HK) Limited, a direct wholly-owned subsidiary of The Link Properties Limited, is the registered owner of the remaining 1 property.)

Consideration: The Consideration (being HK\$1,380 million) is payable by the Purchaser to the Vendor, in cash, as follows:

- (i) a deposit of HK\$138 million, representing 10% of the Consideration, was paid upon the entering into of the SPA, which will be refunded to the Purchaser if the Vendor fails to proceed to Completion; and
- (ii) the balance of HK\$1,242 million, representing 90% of the Consideration, is payable on Completion.

The Consideration represents approximately a 4.5% premium to the Appraised Value. The Consideration was determined upon arm's length commercial negotiation with the Vendor after taking into account the quality of the Property and the Appraised Value.

Completion: Completion shall take place on 18 September 2014, and there is no condition precedent to Completion.

Other terms: The SPA contains undertakings and provisions in customary terms for transactions of this nature and scale.

THE PROPERTY

General description of the Property As at the date of this announcement, the Property is known as the Lions Rise Mall (現崇山商場).

It comprises (i) the Commercial Development (other than the Signage Areas and as defined in the Deed of Mutual Covenant) on the ground floor, first floor and second floor of the Estate, (ii) the Signage Areas (as defined in the Deed of Mutual Covenant), and (iii) private car-parking spaces (Commercial) and motor cycle parking spaces (Commercial), being respectively, Nos. R1 to R55 and M1 to M6 on the basement floor, and all ancillary areas, spaces, plants, fixtures, fittings and facilities thereat serving the aforesaid premises exclusively and the Vendor's interest, estate and rights therein.

According to the Valuation Report, the Property has a gross floor area of approximately 126,319 square feet.

Tenancies	<p>Based on information provided by the Vendor, as at 30 July 2014, there were 36 tenancies and approximately 30 licences at the Property (approximately, 84% occupancy), delivering a monthly rental income of approximately HK\$2.8 million (excluding management fees but including car park income). According to the Valuation Report, 53.4% of the leases (by monthly passing rent) of the Property will expire by the end of 2015.</p> <p>The Property has an existing diversified tenant base comprising fashion, healthcare products, household goods, supermarket, foodstuff, beauty, services and various food and beverage outlets including Chinese restaurants, specialty restaurants and cafes.</p>
The Estate	<p>The Estate (of which the Property forms part) is known as Lions Rise (現崇山), 8 Muk Lun Street, Kowloon, Hong Kong. It consists of five residential blocks with 968 residential units on top of the Property. The Estate and the Property were completed in 2012.</p>
Government Lease term and un-divided shares of the Property	<p>The Property is held under Conditions of Sale No. 20045 dated 31 July 2007 in respect of New Kowloon Inland Lot No. 6309 for a term of 50 years from 31 July 2007.</p> <p>Under the Deed of Mutual Covenant, a total 12,551/81,133rd equal undivided shares of and in the Estate have been allocated to the Property and such 12,551 undivided shares represent 100% of the undivided shares allocated to the Property. The remaining 68,582/81,133rd undivided shares of the Estate represent the undivided shares allocated to the other portions of the Estate.</p> <p>After Completion, the Manager will have full operational control over the management issues of the Property.</p>
Valuation of the Property	<p>As at 13 August 2014, the Property, based on its existing use, had an Appraised Value of HK\$1,320 million according to the Valuation Report.</p> <p>According to the Valuation Report, the Independent Property Valuer estimated that the Property, assuming 100% occupied at market rent, will deliver monthly income (excluding management fees and including car park income) of approximately HK\$4.7 million.</p>
Fees and charges	<p>No fee or charge is payable to the Manager as a result of the Acquisition.</p> <p>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).</p>

FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The Consideration, together with the Expenses, will be funded from The Link REIT's own cash resources and/or existing debt facilities. The Acquisition is not expected to have any material impact on the financial position of The Link REIT.

Upon Completion, based on the consolidated financial position of The Link REIT as at 31 March 2014 (as disclosed in the 2013/2014 Annual Report), the pro-forma adjusted ratio of debt to total assets of The Link REIT is anticipated to change from approximately 11.0% to approximately 12.2%, assuming (i) a draw-down of HK\$1,508 million on The Link REIT's existing debt facilities; (ii) an adjustment to include the Appraised Value in the total assets of The Link REIT as if the Acquisition took place on 31 March 2014; and (iii) having taken into account the disposal of four properties by The Link REIT as announced and completed, respectively, on 20 May 2014 and 31 July 2014.

REASONS FOR THE ACQUISITION

The Acquisition is consistent with the investment policy of The Link REIT and the Manager's objective of adding quality income-producing assets to grow the investment returns for the Unitholders. The Link REIT intends to hold the Property as a long-term investment.

The Manager believes that the Property will add value to The Link REIT's portfolio and there is potential for further growth in rental income and capital value of the Property, given:

- it is strategically located within a strong catchment area in East Kowloon with good public transport accessibility;
- it is a quality new asset completed in 2012 with no significant capital expenditure expected in the immediate future;
- it has the potential to benefit from various upcoming residential developments in the Wong Tai Sin/ Kai Tak/East Kowloon areas, notably the Tai Hom Village project and the new infrastructure and residential/commercial developments along the planned Shatin to Central Link;
- the Property has a diversified trade mix having potential to achieve full occupancy and capture higher/up-market spending on subsequent lease cycles; and
- there are operating synergies with The Link REIT's shopping centres and car-parks in the vicinity.

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 to the Property immediately upon Completion.

OPINION OF THE BOARD

The Board (including the independent non-executive Directors) 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 under the REIT Code for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

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 under the REIT Code for the Purchaser to enter into the SPA and the transactions contemplated under the SPA.

IMPLICATIONS UNDER THE REIT CODE

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The Consideration, together with the Expenses payable in respect of the Acquisition, represents approximately (a) 1.51% of the total market capitalisation of The Link REIT (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of this announcement; and (b) 1.35% of the total assets of The Link REIT (as disclosed in the 2013/2014 Annual Report after adjusting for the final distribution paid by The Link REIT on 3 July 2014 and having taken into account the gain from the disposal of four properties by The Link REIT as announced on 20 May 2014). The Consideration, together with the Expenses, is also less than 15% of the gross asset value of The Link REIT as at 31 March 2014 (as shown in the 2013/2014 Annual Report).

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

The Manager has made a submission regarding the Note to 7.5(d) of the REIT Code in relation to The Link REIT's holding of the Property through more than two layers of Special Purpose Vehicles upon Completion, which has been allowed by the SFC subject to the condition that there will be no change to the maximum number of layers of Special Purpose Vehicles used by The Link REIT for holding the Property without further approval of the SFC.

The Manager will make a further announcement upon Completion having taken place.

GENERAL

About the Purchaser and The Link REIT

The Purchaser is a newly set-up Special Purpose Vehicle directly and wholly owned by Metro Pilot and indirectly and wholly owned by The Link REIT. It will be used solely for the purpose of holding the Property upon Completion. Save as aforesaid, the Purchaser currently has no other business activity. Metro Pilot is itself a newly set-up Special Purpose Vehicle indirectly wholly owned by The Link REIT which is used for investment holding. As at the date of this announcement, Metro Pilot holds only the entire issued capital of the Purchaser.

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 178 properties with an internal floor area of approximately 10.9 million square feet of retail space and approximately 78,000 car park spaces.

About the Vendor and Kerry Properties Limited

The Vendor is the current registered owner of the Property and a wholly-owned subsidiary of Kerry Properties Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 683).

Kerry Properties Limited is principally engaging in (i) property development, investment and management in Hong Kong, The People's Republic of China and the Asia Pacific region; and (ii) hotel ownership in Hong Kong, and hotel ownership and operations in The People's Republic of China.

DEFINITIONS

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

2013/2014 Annual Report	the annual report for the financial year ended 31 March 2014 of The Link REIT
Acquisition	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms of the SPA, subject to and with the benefits of the Tenancies but otherwise free from encumbrances
Appraised Value	HK\$1,320 million, being the appraised value of the Property as at 13 August 2014 according to the Valuation Report

Board	the board of Directors
Completion	completion of the Acquisition which will take place on 18 September 2014, whereupon against payment of the balance of the Consideration, the Vendor will assign the Property to the Purchaser
Consideration	HK\$1,380 million, being the total purchase price of the Property payable by the Purchaser to the Vendor in cash
Deed of Mutual Covenant	the Deed of Mutual Covenant and Management Agreement in respect of the Estate and the Property which is registered in the Land Registry by Memorial No. 12092002400020 and re-registered in the Land Registry by Memorial No. 14052202350018
Directors	the directors of the Manager
Estate	Lions Rise (現崇山), 8 Muk Lun Street, Kowloon, Hong Kong erected on the Land
Expenses	the expenses in the aggregate of, approximately, HK\$128 million (including, among others, stamp duty, agency fee and professional fees) 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	being CBRE Limited, the current Principal Valuer (as defined in the REIT Code) of The Link REIT and an independent property valuer (within the meaning of Chapter 6 of the REIT Code) appointed for valuing the Property for the purpose of the Acquisition
Independent Third Party	an independent third party who is not a connected person (within the meaning of Chapter 8 of the REIT Code) of The Link REIT
Land	all that piece or parcel of ground registered in the Land Registry as New Kowloon Inland Lot No. 6309 on which the Property is situated
Manager	The Link Management Limited, the manager of The Link REIT
Metro Pilot	Metro Pilot Limited, a Special Purpose Vehicle incorporated in the British Virgin Islands, holding the entire issued capital of the Purchaser, and wholly owned by The Link REIT

Property	the subject of the Acquisition and as described under “General description of the Property” in the section above headed “THE PROPERTY”
Purchaser	Link (LRM) Limited, a Special Purpose Vehicle incorporated in Hong Kong and wholly owned by The Link REIT
REIT Code	the Code on Real Estate Investment Trusts published, and as may be amended or supplemented from time to time, by the SFC
SFC	the Securities and Futures Commission of Hong Kong
SPA	the agreement for sale and purchase of the Property dated 18 August 2014 between the Vendor and the Purchaser. Further description of the SPA appears in the section above headed “KEY TERMS OF THE SPA”
Special Purpose Vehicle	a special purpose vehicle that is owned and controlled by The Link REIT in accordance with the REIT Code;
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tenancies	the existing tenancies and (wherever applicable) licences in respect of the Property as described under “Tenancies” in the section above headed “THE PROPERTY”
The Link REIT	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)
Trust Deed	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting The Link REIT, as amended and supplemented by ten supplemental deeds dated 4 November 2005, 8 November 2005, 16 January 2006, 21 November 2006, 13 July 2007, 23 July 2007, 5 October 2009, 23 July 2010, 25 July 2012, and 18 February 2014, respectively
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of The Link REIT
Unit(s) and Unitholder(s)	unit(s) of The Link REIT and holder(s) of the Unit(s), respectively
Valuation Report	valuation report on the Property dated 13 August 2014 by the Independent Property Valuer for the purpose of the Acquisition

Vendor

Bethan Company Limited, a company incorporated under the laws of Hong Kong and the existing registered owner of the Property

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, 18 August 2014

As at the date of this announcement, the Board of the Manager 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

Eva CHENG LI Kam Fun

Anthony CHOW Wing Kin

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

David Charles WATT

Richard WONG Yue Chim

Elaine Carole YOUNG