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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 – 25 CABOT SQUARE LONDON**

On 24 July 2020, Cabot (HK) Limited (being the Buyer) entered into the Agreement with Global REIT Cabot Square Holdco S.à r.l. (being the Seller and an Independent Third Party) in the presence of the Target Companies, pursuant to which the Buyer agreed to acquire and the Seller agreed to sell the Target Companies Shares. The Target Companies Shares comprise the entire issued share capital of the Target Companies (which collectively hold the freehold and leasehold interests (subject to the completion of registration of New Leasehold Title B Lease) in the Target Property, free from any encumbrances as from Completion), for the Aggregate Consideration. The Target Property, known as “The Cabot”, comprises a 17-storey, 481,605-square-foot office building located at 25 Cabot Square, Canary Wharf, London, E14 4QA, the United Kingdom.

Upon Completion, Link will (through its SPVs) become the sole owner of the Target Property.

**Completion of the Acquisition is subject to the Buyer’s and Seller’s compliance with each of their obligations as provided under the terms of the Agreement, 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 in relation to the Acquisition in accordance with all applicable requirements of the REIT Code as and when appropriate including upon Completion or the failure of Completion to take place and adjustment to the Aggregate Consideration.

This announcement is made pursuant to paragraphs 10.3 and 10.4 of the REIT Code. The Aggregate Consideration of approximately £371.4 million (equivalent to approximately HKD3,683.2 million) (subject to adjustments and comprises the Shares Consideration and the Existing Indebtedness) together with the Expenses (equivalent to approximately HKD28.3 million): (1) represents approximately 3.0% 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 1.8% of the total assets of Link as at 31 March 2020 (as disclosed in the 2019/20 Final Results) after adjusting for the impact of the completion of the Australian Acquisition and the final distribution which is expected to be distributed to Unitholders on 30 July 2020 assuming all Unitholders have elected to receive wholly in cash under the distribution reinvestment scheme; and (3) is less than 15% of the gross asset value of Link as at 31 March 2020 (as disclosed in the 2019/20 Final Results).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the counterparties to the Agreement and their respective ultimate beneficial owners is an Independent Third Party. Accordingly, the transactions under the Agreement 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 regarding the Acquisition.

The Board (including the independent non-executive Directors) is satisfied that the Acquisition, the entering into of the Agreement and the transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interests of Link and the Unitholders as a whole. The Board is satisfied and 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 Agreement and the transactions contemplated thereunder.

## **SECTION 1. OVERVIEW**

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On 24 July 2020, Cabot (HK) Limited (being the Buyer) entered into the Agreement with Global REIT Cabot Square Holdco S.à r.l. (being the Seller and an Independent Third Party) in the presence of the Target Companies, pursuant to which the Buyer agreed to acquire and the Seller agreed to sell the Target Companies Shares. The Target Companies Shares comprise the entire issued share capital of the Target Companies (which collectively hold the freehold and leasehold interests (subject to the completion of registration of New Leasehold Title B Lease) in the Target Property, free from any encumbrances as from Completion), for the Aggregate Consideration.

The Target Property, known as "The Cabot", comprises a 17-storey, 481,605-square-foot office building located at 25 Cabot Square, Canary Wharf, London, E14 4QA, the United Kingdom.

Upon Completion, Link will (through its SPVs) become the sole owner of the Target Property.

## **SECTION 2. KEY TERMS OF THE AGREEMENT**

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- (a) Date: 24 July 2020
- (b) Parties: Cabot (HK) Limited (being the Buyer); and  
Global REIT Cabot Square Holdco S.à r.l., a company incorporated under the laws of Luxembourg, being the sole owner of the Target Companies Shares as at the date of this announcement (being the Seller).
- (c) Subject of the Acquisition: Pursuant to the terms of the Agreement, the Buyer will acquire, and the Seller will sell, for the Aggregate Consideration, the legal and beneficial interests in the Target Companies Shares free from all encumbrances together with all rights attaching or accruing to the Target Companies Shares with effect on and from Completion.

(d) Deposit: On or before the date of the Agreement, the Buyer shall pay the Deposit into the Seller's Solicitors Account which shall, on receipt, be held by the Seller's solicitors as stakeholder in accordance with the manner set out below in this paragraph.

Pursuant to the Agreement, the Parties agree that once received by the Seller's solicitors the Deposit shall be dealt with in the following manner:

- (i) on Completion, the Deposit (together with all accrued interest thereon) shall be repaid to the Buyer without further notice to, or action of, the Seller; or
- (ii) in the event that the Agreement is validly terminated in accordance with the terms of the Agreement (including the schedules thereto), the Deposit shall be either repaid to the Buyer without prejudice to any other rights the Buyer may have (together with all accrued interest thereon) (in the case of default by the Seller) or alternatively released to the Seller (in the case of default by the Buyer) in accordance with the agreed manner under the Agreement.

If there is a dispute between the Parties in relation to whether the Agreement has been validly terminated in accordance with the terms thereof, the Seller's solicitors shall retain the Deposit (together with the accrued interest thereon) until such dispute has been agreed or finally determined in accordance with the agreed manner under the Agreement.

(e) Consideration and Adjustment: The shares consideration (the **Shares Consideration**) is the **Estimated NAV**, being £107.3 million, which has been arrived at based on the Agreed Property Value of £380.0 million (approximately HKD3,768.5 million assuming a GBP/HKD exchange rate of 9.917), and having taken into account:

- (i) rent free contribution from the Seller (the **Rent Free Adjustment**) in respect of units which are currently under rent free periods. For the avoidance of doubt, the Rent Free Adjustment, assuming Completion on 25 August 2020, is £7.4 million;
- (ii) existing indebtedness (the **Existing Indebtedness**) of £264.1 million which shall be settled at Completion; and
- (iii) other working capital of £1.2 million.

The aggregate consideration (the **Aggregate Consideration**), being the sum of the Shares Consideration and Existing Indebtedness, is approximately £371.4 million and will be subject to adjustment upon completion of the Completion Statement, which will be provided by the Seller to the Buyer within 20 Business Days after the Completion Date.

The Aggregate Consideration and the Agreed Property Value were agreed between the Seller and the Buyer after arm's length commercial negotiation and having taken into account the quality of the Target Property and prevailing market conditions. The Agreed Property Value represents a discount of approximately 0.4% under the Appraised Property Value.

The Manager is satisfied that the Agreed Property Value and the Aggregate Consideration have been arrived at after arm's length negotiation and are fair and reasonable and in the interests of Link and the Unitholders as a whole.

The Aggregate Consideration shall be paid by the Buyer in the following manner and in accordance with other relevant terms regarding payments and interests under the Agreement:

- (i) on the date of the Agreement, payment in cash by the Buyer of the Deposit, which will be repaid to the Buyer on Completion;
- (ii) on the Completion Date, payment in cash by the Buyer to the Seller of an amount equal to the Closing Payment and settlement of Existing Indebtedness; and
- (iii) on the Adjustment Date, adjustment amount based on the final Completion Statement (if any).

(f) Completion:

Unless the Agreement has been previously terminated in accordance with the terms thereof, Completion shall take place at the offices of the Seller's Luxembourg legal advisers (or any other place and in such manner as the Parties may agree in writing) by 3:00 p.m. (London time) on 25 August 2020 (or such earlier date as the Buyer and the Seller may agree in writing) (the **Target Completion Date**).

At Completion, the Seller shall comply with its obligations as provided under the terms in respect of Seller completion deliverables under the Agreement (including the schedules thereto), unless such obligation or requirement thereunder is otherwise waived by the Buyer.

At Completion, the Buyer shall comply with its obligations as provided under the terms in respect of Buyer completion deliverables under the Agreement (including the schedules thereto), unless such obligation or requirement thereunder is otherwise waived by the Seller.

(g) Failure to Complete: If either the Seller or the Buyer defaults in complying with their respective obligations as provided under the terms in respect of Seller completion deliverables or Buyer completion deliverables under the Agreement (as the case may be) on the Target Completion Date (the **Defaulting Party**) then the other Party, provided it is ready, willing and able to complete, may:

(i) proceed to and effect Completion so far as practicable having regard to the defaults which have occurred; or

(ii) on the Target Completion Date, serve the Defaulting Party with written notice (the **Notice to Complete**) requiring Completion to take place not less than five (5) Business Days, but not more than ten (10) Business Days after the original Target Completion Date (the **New Target Completion Date**).

Where the Notice to Complete has been served in accordance with the aforesaid manner, the Seller and the Buyer shall effect Completion on the New Target Completion Date, failing which, the Buyer or the Seller, as the case may be, may immediately terminate the Agreement by written notice to the other Party and (i) in the former case the Deposit shall be repaid the Buyer; and (ii) in the latter case the Seller shall be entitled to the Deposit and to sell the Target Companies Shares to a third party.

(h) Warranties and Indemnities: The Agreement contains warranties and indemnities by the Seller which are customary for transactions of this nature and scale. In relation to the Claims and Tax Claims (arising out of, among other things, breach of warranties by the Seller), the Buyer has taken out the W&I Policy on the date of the Agreement, having the Buyer as the insured.

Having considered the above, the Manager is of the view that the arrangements sufficiently protect the interests of Link and the Unitholders as a whole.

(i) Governing Law: English law

## SECTION 3. THE TARGET PROPERTY

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### 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 “The Cabot”, is located at 25 Cabot Square, Canary Wharf, London, E14 4QA, the United Kingdom. It comprises 481,605 square feet of office, retail and ancillary accommodation over 17 storeys. It has undergone extensive refurbishment and extension over the past 6 years with works completed in March 2020.

(b) Tenancies: The Target Property is 99.1% occupied by tenants including an international investment bank, a non-ministerial government department, a statutory body and a co-working space operator.

Based on the valuation report issued by the Principal Valuer, as at 17 July 2020, the Target Property has:

- weighted average lease expiry (**WALE**) (by rental income) of 10.9 years with leases expiring between 2024 and 2039; and
- Net Passing Income of approximately £18.83 million per annum.

The terms of the tenancies in respect of the Target Property range between March 2014 and October 2039.

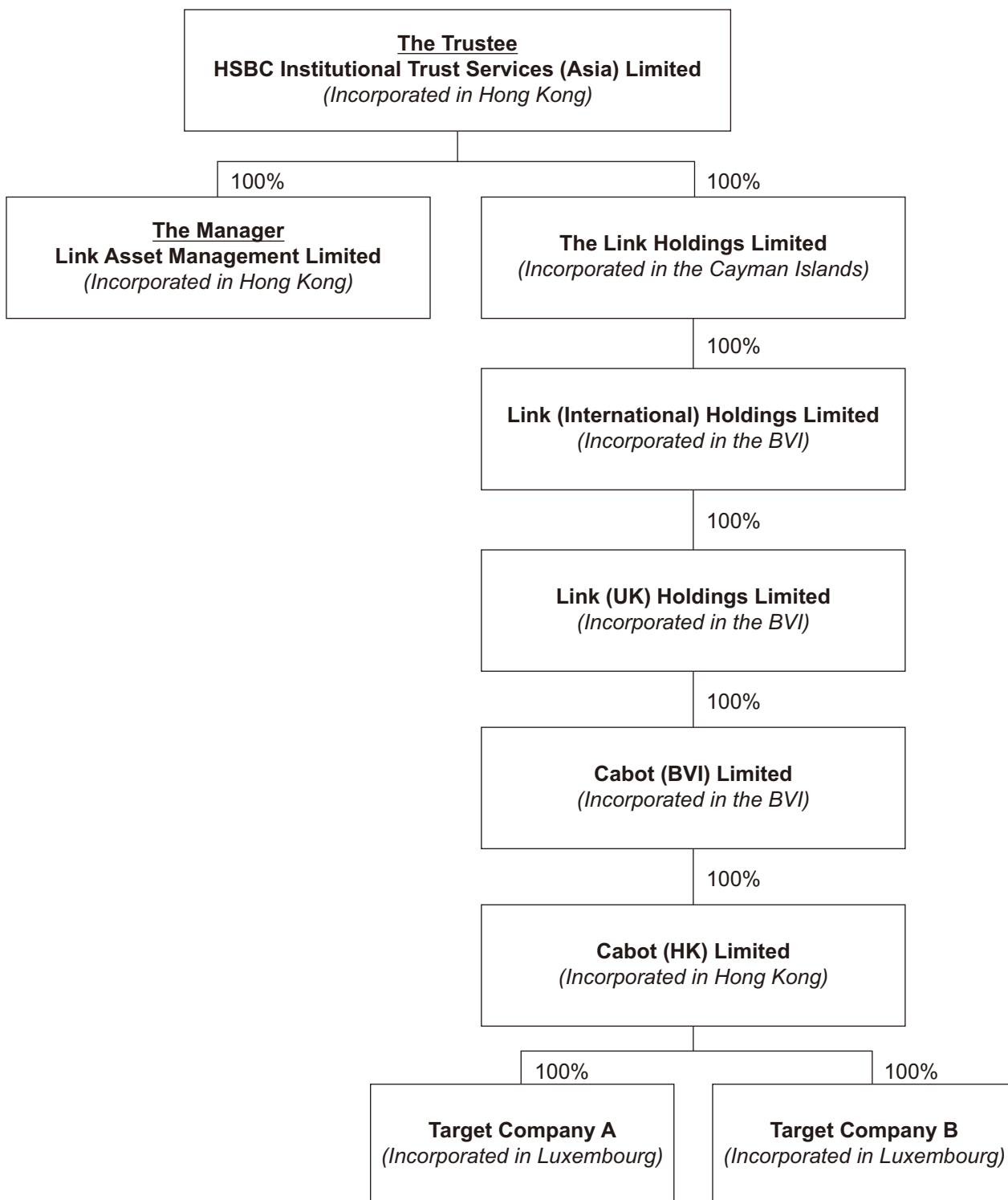
As at the date of this announcement, under the Occupational Leases, there are seven corporate tenants. The largest portion of which is attributable to an international investment bank, accounting for approximately 48.9% of Net Passing Income, followed by a non-ministerial government department, accounting for approximately 25.0% of Net Passing Income.

(c) Financial Charges: There is a charge registered on the title to the Target Property in favour of The Prudential Insurance Company America (trading as Pricoa Mortgage Capita) dated 28 March 2014. This will be discharged at Completion.

(d) Appraised Property Value: £381.5 million as at 17 July 2020, as appraised by the Principal Valuer.

## 2. Expected holding structure after Completion

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



### **3. Property Interests**

#### ***The Freehold Title***

The Freehold Title is legally and beneficially held by Target Company A.

#### ***The Leasehold Titles***

The MS Head Leasehold Title, which is subject to the Leasehold Title A and Leasehold Title B, is legally held by Morgan Stanley UK Group on trust for Target Company A, which holds the beneficial interests in the MS Head Leasehold Title. The term of the MS Head Leasehold Title is 999 years, commencing from and including 5 November 1993. The annual rent is a peppercorn.

Leasehold Title A, which is subject to the Occupational Leases of Target Company A, is legally and beneficially held by Target Company A. The term of the Leasehold Title A is 200 years, commencing from and including 15 August 1995. The annual rent is £1.

New Leasehold Title B, which is subject to the Occupational Leases of Target Company B, is legally and beneficially held by Target Company B (subject to the completion of the registration). The term of the New Leasehold Title B is 20 years and 3 days commencing from and including 23 April 2015. The annual rent is an amount equal to the annual rent received pursuant to the Occupational Lease of Target Company B. The New Leasehold Title B Lease replaces the historic lease under the Historic Leasehold Title B, which has expired. As at the date of this announcement, the Seller is still in the process of closing the registered title to the historic lease under the Historic Leasehold Title B at HM Land Registry and arranging for the New Leasehold Title B Lease to be registered. It is likely that this will be ongoing following Completion. Once the New Leasehold Title B Lease has been registered at HM Land Registry, Target Company B will be registered as having the legal and beneficial interest in the New Leasehold Title B.

The legal advisers of the Manager as to English laws have confirmed that the registration is largely a legal formality and there are no material legal impediments to completion of the registration (subject to unforeseen circumstances). At this stage and as (i) the registration is being undertaken in its normal course by the Target Companies and (ii) the Manager has sought “seller solicitors undertakings” (as is customary for transaction of such nature) to ensure the due registration after Completion, the Manager does not consider that they present any material risk associated with such interim non-registration.

#### ***The Occupational Leases***

The Occupational Leases in relation to the Target Property are the tenancies in relation thereto, the details of which are set out in the sub-section “General description of the Target Property” above.

For further information regarding freehold and leasehold interests in England and Wales, please see the sub-section headed “Overview of the relevant laws and regulations of England and Wales relating to real estate” below in this announcement.



## SECTION 4. FEES AND EXPENSES

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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 plans to undertake major improvements or redevelopment works on the Target Property. Further, based on the information from the Seller's 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 5. FINANCIAL INFORMATION OF THE TARGET COMPANIES

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The financial information of the Target Companies comprising Target Company A and Target Company B has been prepared in accordance with Luxembourg Generally Accepted Accounting Principles.

The following figures have been respectively extracted from the audited financial statements of Target Company A and the unaudited management accounts of Target Company B for the two years ended 31 December 2018 and 31 December 2019. Such figures are solely for reference purposes and do not represent the future performance of the Target Companies or the Target Property:

### Target Company A

	<b>For the year ended 31 December 2018 (audited) GBP</b>	<b>For the year ended 31 December 2019 (audited) GBP</b>
(1) Revenue	14,282,523	19,696,143
(2) Net profit/(loss) before tax	(29,339,952)	(2,663,464)
(3) Net profit/(loss) after tax	(29,368,365)	(2,652,950)
(4) Total assets (as at 31 December for the year)	316,482,576	356,357,060

### Target Company B

	<b>For the year ended 31 December 2018 (unaudited) GBP</b>	<b>For the year ended 31 December 2019 (unaudited) GBP</b>
(1) Revenue	137,777	184,500
(2) Net profit/(loss) before tax	(115,948)	131,015
(3) Net profit/(loss) after tax	(114,428)	129,604
(4) Total assets (as at 31 December for the year)	472,040	399,669

As extracted from the audited financial statements of Target Company A and the unaudited management accounts of the Target Company B provided by the Seller, the aggregate net asset value of the Target Companies is approximately £82,377,142 as at 31 December 2019, comprising mainly the Target Property and the Existing Indebtedness. The Existing Indebtedness will be repaid at Completion. Other than the Target Property, the Target Companies will not have any material assets and liabilities immediately following Completion.

## **SECTION 6. FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION**

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The Aggregate Consideration of approximately £371.4 million (equivalent to approximately HKD3,683.2 million) (subject to adjustments) together with the Expenses (equivalent to approximately HKD28.3 million) will be funded by Link's internal resources as well as new debt facilities with the intention to fully hedge any foreign exchange fluctuations. The Acquisition is not expected to have any material adverse impact on the financial position of Link as compared to that as at 31 March 2020 (as disclosed in the 2019/20 Final Results).

Upon Completion, based on the consolidated financial position of Link as at 31 March 2020 (as disclosed in the 2019/20 Final Results), the pro-forma adjusted ratio of debt to total assets of Link is anticipated to change from approximately 17.8% (after adjusting for the impact of the appraised value of the property acquired pursuant to the Australian Acquisition which was completed on 7 April 2020 and the related drawdown of bank facilities and the final distribution which is expected to be distributed to Unitholders on 30 July 2020 assuming all Unitholders have elected to receive wholly in cash under distribution reinvestment scheme) to approximately 19.2% (assuming a drawdown of HKD3,711.5 million on Link's debt facilities to finance the Acquisition and including the Appraised Property Value as if the Acquisition took place on 31 March 2020).

## **SECTION 7. OVERVIEW OF THE PROPERTY MARKET AND RELEVANT REGULATIONS IN ENGLAND AND WALES**

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### **1. The commercial office property market in London**

The United Kingdom ranked third in economic growth amongst the group of seven major advanced nations (G7) in 2019, registered a Gross Domestic Product (**GDP**) growth of 1.4% year-on-year. The UK property market had been expected to benefit from the improved economic and political outlook following the decisive election result and progress towards a measured exit from the European Union (**EU**). Demand for quality space remained strong and vacancy across London remained flat in Q1 2020 at 4.8%, compared to the 10-year quarterly average of 5.3%. Both domestic and overseas investors have been active in the market. Its market transparency and well established legal structure have also attracted a diverse investor base. In 2020 to date, 61% of transaction volumes are attributed to overseas purchasers.

However, market outlook has since been altered by the outbreak of Novel Coronavirus (**COVID-19**), which has impacted global market activities across different sectors. London office transaction volume in first half of 2020 has declined by over 35% year-on-year to approximately £3.5 billion. The United Kingdom government has been taking proactive steps including introduction of a stimulus package to support economic activities and employment. Leasing transaction volume has been slowed due to COVID-19.

## **2. Overview of the relevant laws and regulations of England and Wales relating to real estate**

### **2.1 Property ownership**

There are no nationality restrictions on land ownership whether as individuals or corporate entities.

There are two ways in which a property can be held in England and Wales, 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 for a pre-determined period of time but not 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 freeholder may grant a headlease 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 UK governmental authorities by paying the owner of the estate an appropriate amount as compensation.

### **2.2 Land registry**

The system of land registration in England and Wales is administered by HM Land Registry, a quasi-governmental body which has regional offices throughout England and Wales and operates in accordance with the statutory powers granted by the UK government. In addition to transfers of freehold land and leases for more than seven years, all financial charges over land should be registered in order to be fully enforceable and protected. Other property rights and interests that are capable of being registered include rights over land, restrictive covenants, easements, options and contracts for sale.

### **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 which may include paying a one-off fee to the landlord to bring the lease to an end prior to the expiry of its term. A landlord may also approach a tenant to surrender its lease should it want to.

In England and Wales, a landlord may terminate or forfeit a lease in the event of a breach of covenant (including non-payment of rent) by the tenant or upon the tenant's insolvency, subject to the specific right of re-entry set out in the relevant lease. There is a formal procedure to be followed in relation to such forfeiture 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. If relief were granted the relevant lease would be restored and continue as if the forfeiture had never happened.

#### 2.4 Tenant's protection in respect of renewal

Pursuant to the provisions of the Landlord and Tenant Act 1954 (the **1954 Act**), a tenant of a commercial or business lease in England and Wales has security of tenure, which means that at the end of the initial terms the lease will continue indefinitely on the same terms including as to rent until it is either renewed or brought to an end by following a statutory notice process.

The tenant has the right for a renewal lease at the end of the original term of years granted by the initial lease. Save for the amount of rent and term of the renewal lease, the tenant has a right to a renewal lease on substantially the same terms as the initial lease (save for any modernisation). However, if the rent, the term or any other terms of the renewal lease cannot be agreed, either party can make an application to court. The court has the power to order the grant of a new lease and a discretion on lease terms and must consider what is reasonable in all the circumstances. The court will usually direct that the renewal lease be granted for a maximum term of 15 years on substantially the same terms as the original lease and at the then prevailing market rent.

The landlord may object to a renewal but must demonstrate to the court's satisfaction that the renewal should not be granted pursuant to certain statutory grounds (for example, that the landlord intends to demolish or reconstruct the premises or to occupy the premises for its own business at the end of the term of years granted by the initial lease). This is the only way to bring the lease to an end where the tenant wants a renewal of its lease.

There is no limit on the number of times that a commercial lease can be renewed under the 1954 Act as long as the parties do not exclude the statutory right under the 1954 Act in any lease renewal.

Before the initial lease is granted, the parties may agree to exclude the security of tenure protection afforded by the 1954 Act. If so, the landlord is not obliged to renew the lease and the lease will expire at the end of its term without any statutory process to be followed.

## 2.5 Rental collection

Rental collection is made through invoices sent to the tenant for the relevant payment amount. Usually, rent is due by quarterly payments in advance on 25 March, 24 June, 29 September and 25 December (known as the usual quarter days), however this can be varied by agreement with the tenant in the lease. Subject to the terms of the rent deposit deed, the rent deposit monies may be used to compensate the landlord for any arrears of rent or other breach of covenant. The rental deposit monies are to be released to the tenant on the earlier of (i) end of the term of the lease (ii) assignment of the lease to a third party; or (iii) the date on which the tenant satisfies the financial covenant strength test set out in the rent deposit deed.

## 3. Taxation matters

### 3.1 UK

The Target Companies were historically subject to income tax at the rate of 20%. Under the Non-Resident Landlord Scheme, tenants of a landlord who is tax resident in a jurisdiction other than the UK are required to withhold 20% from their rental payments in respect of the non-UK resident landlord's income tax liability.

Non-resident companies can apply to HM Revenue and Customs for approval to receive rental income with no tax deducted and account for any tax due under self-assessment. The Target Companies had obtained approval to do so and therefore receive rent gross.

From 5 April 2020, non-resident landlords transitioned from UK income tax to UK corporation tax. As such, the Target Companies will be required to pay UK corporation tax on their net rental income for accounting periods beginning from 6 April 2020. Target Company B is liable to account for UK VAT (being the prevailing rate of 20%) on rental income in respect of Unit 2 and Unit 3 of the Target Property.

From 5 April 2019, non-resident landlords are subject to UK corporation tax on capital gains in relation to disposal of UK commercial property at the prevailing rate of 19%. The rules apply to both direct disposals of UK property and the disposal of shares in 'UK property-rich' companies. The capital gain is computed with reference to the 5 April 2019 market value or original base cost, whichever is higher (although the use of original cost cannot lead to a loss in the case of an indirect disposal) taking into account qualifying enhancement expenditure.

No UK stamp duty or Stamp Duty Land Tax (**SDLT**) will be payable upon the Acquisition. The UK does not levy SDLT on share acquisitions and as the Acquisition relates to the purchase of non-UK shares, no UK stamp duty should be due. Interest payable by the Target Company will not be subject to UK withholding tax provided the interest does not have a UK-source or where relief is available under a relevant treaty. The UK does not levy withholding tax on dividends.

### 3.2 Luxembourg

As a tax resident of Luxembourg, each of the Target Companies is liable to pay Luxembourg tax on its income and gains at a rate of 24.94%, unless such income and gains are exempt from tax in Luxembourg under local participation exemption rules, or a relevant double tax treaty. In this instance, any income and gains arising from the Target Property held by the Target Companies should be exempt from tax in Luxembourg under the UK-Luxembourg double tax treaty.

Interest payments remitted by the Target Companies should not be subject to Luxembourg withholding tax as long as local transfer pricing and thin capitalisation rules are complied with. Dividends remitted by the Target Companies should be in principle be subject to 15% withholding tax unless relief is available under local participation exemption rules, or a relevant double tax treaty. For example, the Hong Kong-Luxembourg double tax treaty should reduce Luxembourg withholding taxes to nil on dividends paid by Target Companies to a shareholder that is a Hong Kong tax resident, as long as the shareholder is the beneficial owner of such dividends and is a company (other than a partnership) that holds directly at least 10% of the capital in each of the Target Companies, or a participation with an acquisition cost of at least €1.2 million in each of the Target Companies.

Generally, net wealth tax (**NWT**) is also imposed on the fair market value of the Target Companies' net assets (**NWT base**) as at 1 January of each year. This is applied at a rate of 0.5% for a NWT base of €500 million, and 0.05% for any portion of the NWT base in excess of €500 million. Under the UK-Luxembourg double tax treaty, UK real estate (and the corresponding debts financing such UK real estate assets) should be excluded from Target Companies' NWT base. In any event, a minimum NWT (ranging from €535 to €32,100) is payable per year.

No Luxembourg stamp duty or transfer taxes should be payable in respect of the Acquisition. To the extent the articles of association of the Target Companies need to be amended, a nominal registration duty of €75 is payable for each of the Target Companies.

There are in general no legal impediments and/or restrictions to the remittance of the distribution from the Target Companies (being companies incorporated under the laws of Luxembourg) to Hong Kong, provided that such remittances are made in accordance with the relevant laws and regulations.

## **SECTION 8. REASONS FOR THE ACQUISITION**

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The Acquisition contributes to the geographical diversification of Link's existing portfolio, being Link's second acquisition outside Hong Kong and Mainland China following Australia. 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 United Kingdom 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 in a liquid and transparent real estate market such as the United Kingdom**

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 is exposed to different economic cycles.

The Manager has been conducting an in-depth study in the United Kingdom and is of the view that the real estate market there offers favourable opportunities for Link to drive sustainable income and growth. In addition, as the Acquisition is Link's second overseas investment outside Hong Kong and Mainland China, the Manager is of the view that a transparent market with good legal framework is a key driving factor for Link to invest.

The United Kingdom, and in particular London, is one of the most liquid real estate markets in the world, with an average of £54.9 billion of commercial transactions per year in the past five years according to the Principal Valuer. The market has a diverse pool of sophisticated investors domestically, in the EU and overseas, which aggregately contribute to the liquidity and relative resilience of the London office market.

### **2. The London office market offers resilient capital value and is supported by high quality diversified tenant demand and market liquidity**

London is the capital and largest city in the UK with a population of over 8.9 million. London is a multi-centric economy which accounts for roughly one quarter of UK's GDP, totaling £487 billion based on estimated figures for 2019. As one of the major global financial and professional service centres, it has attracted corporates to setup headquarters and regional offices. In addition, London's economy is supported by other sectors such as technology, media and tourism and offers a diverse and talented workforce of more than 4 million people.

### **3. The Target Property is located in Canary Wharf with increasing attractiveness and impending infrastructure upgrades**

The Target Property is strategically located in Canary Wharf, one of Central London's primary business destinations, which offers amenities such as restaurants and retail stores. Several public transportation routes are within close proximity to the Target Property including the Canary Wharf underground station, light rail stations, as well as the upcoming Crossrail rail station, which will significantly improve Canary Wharf's connectivity to the rest of London with its planned opening in 2021. Through the new Elizabeth Line, Canary Wharf will be 2 stops away from the city and will be directly linked to Heathrow Airport.

Within Canary Wharf, there is growing emphasis on providing residential accommodation and leisure space to promote a self-sustainable neighbourhood. The Wood Wharf district nearby is expected to provide by 2023 at the earliest 490,000 square feet retail space and 3,600 new homes in addition to innovative office space. With the improving infrastructure and amenities offering, Canary Wharf has attracted a new range of occupiers from the digital and media sectors, diversifying from being a banking and financial services focused market.

### **4. Freehold asset provides stable income contribution from reputable tenants with limited downside risk**

The Target Property is one of the few freehold assets within Canary Wharf and enjoys a WALE of 10.9 years. Approximately 79.0% of the rental income of the Target Property is secured by 3 tenants of strong financial standing including a global investment bank and two UK Government-backed bodies. In addition, leases are embedded with upward only rent reviews, thus protecting the Target Property from potential downside risks. The Target Property has completed major refurbishment works achieving Building Research Establishment Environmental Assessment Method (**BREEAM**) "Very Good" rating, therefore no material capital expenditure is expected in the near term.

## **SECTION 9. KEY RISKS RELATING TO THE UK PROPERTY MARKET AND THE ACQUISITION**

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### **1. Risks relating to the UK property market**

#### **1.1 Exchange rate risk**

Link may be subject to exchange rate risk by investing in the UK. The income and profit of Link from the Target Property are to be denominated in GBP. The value of GBP against foreign currencies fluctuates and is affected by changes in the UK and international political and economic conditions and by many other factors. Fluctuations in the exchange rate of GBP 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 GBP 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 exchange 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 Units.

### 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 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 affected by economic conditions so that insurance becomes more expensive or unavailable.

### 1.5 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.

### 1.6 Political, taxation and legal risk

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

Changes in UK taxation and property laws, and laws relevant to the rights of foreign investors and the entities through which they hold their investments in the United Kingdom, may also suddenly become unclear in the United Kingdom. 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.

### 1.7 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 the United Kingdom from time to time may also affect its property market.

Link may also be subject to market risks in the United Kingdom specific to investments in real estate, including potentially volatile property price movements and economic cyclicalities. 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.

### 1.8 COVID-19 and other pandemics

Epidemics, which are beyond Link's control, may materially and adversely affect the economy, infrastructure and livelihood of tenants in the UK. In particular, the recent outbreak of COVID-19 across the world may result in prolonged measures to contain the spread of COVID-19, such as regulatory lock-down, quarantine of people, suspension of operation or delayed resumption of work and production, and global travel restrictions imposed by the UK and/or other countries.

COVID-19 could potentially affect tenants' ability to pay rent and impact rental income of the Target Property. In addition, market uncertainty can lead to potential volatility in real estate prices as well as GBP exchange rate. This may negatively impact distributable income and valuation of the Target Property.

## 1.9 Uncertainty over the outcomes of the Post-Brexit Negotiations

On 31 January 2020, the United Kingdom formally left the EU following a remain-or-leave referendum held on 23 June 2016 in relation to its membership within the EU, the result of which favored the exit of the United Kingdom from the EU (**Brexit**). Following Brexit, further negotiations between the UK and the EU on a new free trade agreement and other aspects of UK-EU relationships in the future are still being conducted (the **Post-Brexit Negotiations**), which may or may not lead to an agreement between the UK and the EU by 31 December 2020.

Given the lack of precedent, it is unclear how the fiscal, monetary and regulatory landscape within the UK, the EU and globally would be affected by the outcomes of the Post-Brexit Negotiations. In addition, the uncertainty of the Post-Brexit Negotiations can also lead to potential volatility in real estate prices as well as GBP exchange rate, which may negatively impact distributable income and valuation of the Target Property.

## **2. Risks relating to the Acquisition**

### 2.1 Link does not have an established operating history with properties located outside Hong Kong, Mainland China and Australia

The acquisition of the Target Property, which is an office property located in the United Kingdom, represents Link's second acquisition outside of Hong Kong and Mainland China following Australia. As Link does not have extensive operating history or experience in managing office properties outside Hong Kong, Mainland China and Australia, 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, Mainland China and Australia such as the Target Property.

Following Completion, Link will engage Patrizia UK Limited, a professional real estate investment manager which is an Independent Third Party to provide asset management services in relation to the Target Property. The asset management services provided will include customary services in relation to, among other things, preparing annual business plans and budgets, providing strategic recommendations to Link on letting and refurbishment, supervising and managing appointed service providers on all aspects of property management and corporate administration services, overseeing subcontractors and capital works, and reporting to Link on a regular basis.

Following Completion, Link will engage a competent management services provider in the UK as the property manager in respect of the Target Property. Such engagement will be entered into on arm's length and in the ordinary and usual course of business of Link and on normal commercial terms and at the prevailing market level, and will be fair and reasonable and in the interests of Link and the Unitholders as a whole.

Under the terms of its engagement, Patrizia UK Limited is required to act on the directions of Link, and does 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 Patrizia UK Limited.

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, Mainland China and the United Kingdom, there is no assurance that the Manager will be successful in managing the Target Property.

## **2.2 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, 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 UK 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 10. OPINION OF THE BOARD**

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The Board (including the independent non-executive Directors) is satisfied that the Acquisition, the entering into of the Agreement and the transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interests 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 Agreement and the transactions contemplated thereunder.

## **SECTION 11. CONFIRMATIONS BY THE MANAGER**

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The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Target Property and the Target Companies, 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 Investments by SFC-authorized REITs contained in the REIT Code.

The Manager confirms that, in relation to the Acquisition, the Practice Note on Overseas Investments 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 the United Kingdom, having regard to (among other things) the nature of the Target Property, and the provision of asset management services by Patrizia UK Limited (being a professional asset management company) and the provision of property management services by a professional property management company.

Based on the due diligence conducted by the Manager and its legal advisers as to English law and Luxembourg law, the Manager is satisfied that the Buyer will through its ownership of the Target Companies hold good and marketable and legal and beneficial title to the Freehold Title of the Target Property upon Completion and will be solely legally and beneficially entitled to the Freehold Title, the Leasehold Title A and the New Leasehold Title B (subject to completion of registration), and is beneficially entitled to the MS Head Leasehold Title. The Buyer, through its control of the Target Companies, will be able to sell the Target Property.

Based on the due diligence conducted by the Manager and its legal advisers as to English law and Luxembourg law, Link shall have autonomy and influence over matters relating to the management of the Target Property to the extent allowed under Luxembourg laws and regulations and English law and regulations. 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 12. OPINION OF THE TRUSTEE**

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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 Agreement 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 Agreement and the transactions contemplated thereunder.

## **SECTION 13. REGULATORY IMPLICATIONS**

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This announcement is made pursuant to paragraphs 10.3 and 10.4 of the REIT Code. The Aggregate Consideration of approximately £371.4 million (equivalent to approximately HKD3,683.2 million) (subject to adjustments and comprises the Shares Consideration and the Existing Indebtedness) together with the Expenses (equivalent to approximately HKD28.3 million): (1) represents approximately 3.0% 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 1.8% of the total assets of Link as at 31 March 2020 (as disclosed in the 2019/20 Final Results) after adjusting for the impact of the completion of the Australian Acquisition and the final distribution which is expected to be distributed to Unitholders on 30 July 2020 assuming all Unitholders have elected to receive wholly in cash under the distribution reinvestment scheme; and (3) is less than 15% of the gross asset value of Link as at 31 March 2020 (as disclosed in the 2019/20 Final Results).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the counterparties to the Agreement and their respective ultimate beneficial owners is an Independent Third Party. Accordingly, the transactions under the Agreement 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 regarding the Acquisition.

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

Under paragraph 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 to the SFC in respect of paragraph 7.5(b) of the REIT Code that Luxembourg law and corporate governance standards have commensurate investor protections as those observed by companies incorporated in Hong Kong.

#### **2. Submission with regard to paragraph 7.5(d) of the REIT Code**

The Manager has made a submission in respect of paragraph 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 have a clear and organised group structure by forming new SPVs for the sole purpose of holding interests in real properties located in the United Kingdom, which includes the Target Property (through the Target Companies) in the Acquisition upon Completion and/or any real properties located in the United Kingdom potentially to be acquired in the future; (b) increasing tax efficiency for the investment in the Target Property by utilising the Hong Kong/United Kingdom Double Taxation Agreement and Protocol; 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 six layers of SPVs used by Link for holding the Target Property without further approval of the SFC.

### **SECTION 14. GENERAL**

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#### **1. About the Buyer and Link**

The Buyer is a company incorporated under the laws of Hong Kong, which is an indirectly wholly-owned SPV of Link. The Buyer will solely be used to hold the Target Companies (through the Acquisition) upon Completion, which will in turn hold the Target Property.

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, Mainland China and Australia.

## 2. About the Seller, the Target Companies and HGR Liquidating Trust

The Seller is a private limited liability company incorporated under the laws of Luxembourg and registered with the Luxembourgish Trade and Companies register, which directly owns and controls the Target Companies, which in turn hold the Target Property. The Seller is an investment holding company. Each of the Target Companies, being a private limited liability company incorporated under the laws of Luxembourg and an Independent Third Party, is not engaged in any other business other than the holding of the Target Property and does not currently have any employees.

HGR Liquidating Trust, being the indirect owner of the Seller, was incorporated under the laws of the state of Maryland on 8 June 2020 for the purpose of succeeding to the business of Hines Global REIT, Inc. and completing the liquidation of its assets. Hines Global REIT, Inc. transferred all of its assets and liabilities to HGR Liquidating Trust on 30 June 2020. Substantially all of HGR Liquidating Trust's business is conducted through Hines Global REIT Properties LP.

Each of the Seller, the Target Companies and HGR Liquidating Trust is an Independent Third Party.

## 3. Further Announcements

**Completion of the Acquisition is subject to the Buyer's and Seller's compliance with each of their obligations as provided under the terms of the Agreement, 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 in relation to the Acquisition in accordance with all applicable requirements of the REIT Code as and when appropriate including upon Completion or the failure of Completion to take place and adjustment to the Aggregate Consideration.

## SECTION 15. DEFINITIONS

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

<b>2019/20 Final Results</b>	the final results of Link for the year ended 31 March 2020
<b>Acquisition</b>	the acquisition of the Target Companies Shares
<b>Adjustment Date</b>	the date that is ten (10) Business Days after the date on which the Completion Statement is agreed, deemed agreed or determined in accordance with the terms of the Agreement (including the schedule thereto), or any other date agreed by the Parties in writing
<b>Aggregate Consideration</b>	has the meaning ascribed to it under the section headed "Key Terms of the Agreement" in this announcement

<b>Agreement</b>	the sale and purchase agreement entered into between the Buyer and the Seller in the presence of the Target Companies dated 24 July 2020 in respect of the sale and purchase of Target Companies Shares
<b>Agreed Property Value</b>	the free-from-encumbrances value attributable to the Target Property as agreed between the Seller and the Buyer for the acquisition of the Property Interests
<b>Appraised Property Value</b>	£381.5 million as at 17 July 2020, as appraised by the Principal Valuer
<b>Associate(s)</b>	(in relation to an undertaking) that undertaking and subsidiary undertakings and parent undertakings of that undertaking and all subsidiary undertakings or any such parent undertakings of that undertaking
<b>Australia</b>	the Commonwealth of Australia
<b>Australian Acquisition</b>	the acquisition of an office property in Australia by an indirectly wholly-owned SPV of Link which was completed on 7 April 2020, the details of which were set out in Link's announcements dated 19 December 2019 and 8 April 2020 respectively
<b>Board</b>	the board of Directors
<b>Business Day</b>	a day (other than a Saturday, Sunday or bank or other public holiday either in the City of London, Hong Kong or Luxembourg) on which banks are generally open for non-automated business in the City of London, Hong Kong or Luxembourg
<b>Buyer</b>	Cabot (HK) Limited, a company incorporated under the laws of Hong Kong with limited liability, being an indirectly wholly-owned SPV of Link as the buyer (being the Party) under the Agreement
<b>BVI</b>	the British Virgin Islands
<b>Claim</b>	any claim (other than a Tax Claim) made by or on behalf of the Buyer against the Seller in respect of any breach of warranties as set out in the Agreement and any payment required thereunder in respect of such claim
<b>Closing Payment</b>	the Estimated NAV less each of the following: <ul style="list-style-type: none"> <li>(i) the Premium and Fees Contribution;</li> <li>(ii) the Escrow Amount; and</li> <li>(iii) the Unit 2 Rental Adjustment</li> </ul>



<b>Completion</b>	completion of the Acquisition
<b>Completion Date</b>	the date of Completion
<b>Completion Statement</b>	the aggregated statement of the financial position of the Target Companies as at the Effective Time set out in the Agreement, the completion amount of which is not subject to audit and is prepared in accordance with the accounting principles and policies that were used in the preparation of the accounts of the Target Companies (being Luxembourg Generally Accepted Accounting Principles), though the Agreement sets out a dispute resolution mechanism which requires further negotiation and an expert determination, in the event that the Parties fail to reach an agreement
<b>Defaulting Party</b>	has the meaning ascribed to it under the section headed “Key Terms of the Agreement” in this announcement
<b>Deposit</b>	a cash sum of HKD375,000,000
<b>Directors</b>	the directors of the Manager
<b>Effective Time</b>	the time immediately before Completion
<b>Escrow Amount</b>	£6.7 million, which is to be paid by the Buyer into the escrow account held by an independent escrow agent for the purpose of settling the existing claims between Target Company A and the existing tenants of the Target Property by the Seller, the maximum amount of which is equal to the amount placed in escrow. In the event that such claims fail to be settled by the Seller, the escrow amount will be released to the Buyer to deal with the aforesaid claims
<b>Estimated Completion Statement</b>	the draft statement of the aggregate balance sheet of the Target Companies as at the Effective Time set out in the Agreement
<b>Estimated NAV</b>	£107.3 million, being the aggregate estimated net asset value of the Target Companies at the Effective Time as shown in the Estimated Completion Statement
<b>Existing Indebtedness</b>	has the meaning ascribed to it under the section headed “Key terms of the Agreement” in this announcement

<b>Expenses</b>	expenses in an aggregate amount of approximately HKD28.3 million payable by Link in respect of professional services fees and VAT in connection with the Acquisition
<b>Freehold Title</b>	the freehold title to the Target Property registered at HM Land Registry under title number EGL317234 and which is subject to the MS Head Leasehold Title
<b>GBP or £</b>	British Pound Sterling, the lawful currency of the United Kingdom
<b>Headleases</b>	collectively, (i) Leasehold Title A Lease, (ii) MS Head Leasehold Title Lease, and (iii) New Leasehold Title B Lease
<b>Historic Leasehold Title B</b>	the leasehold title to part of the Target Property as registered at HM Land Registry under the title number EGL513746, which have expired and is to be replaced by the New Leasehold Title B upon the completion of the registration thereof
<b>HKD</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>Hong Kong</b>	the Hong Kong Special Administrative Region of the People's Republic of China
<b>Independent Third Party(ies)</b>	an independent third party who is not a connected person (as defined in the REIT Code) of Link
<b>Leasehold Interests</b>	an interest as tenant under the Occupational Leases and the Headleases
<b>Leasehold Title A</b>	the leasehold title to the Target Property demised pursuant to the Leasehold Title A Lease and registered at HM Land Registry under title number EGL338282 the legal and beneficial title of which is held by Target Company A and which is subject to the Occupational Leases of Target Company A
<b>Leasehold Title A Lease</b>	the 200 year headlease dated 15 August 1995 made between (i) Morgan Stanley UK Group and (ii) Morgan Stanley Properties Limited

<b><i>New Leasehold Title B</i></b>	the leasehold title to the part of the Target Property demised pursuant to the New Leasehold Title B Lease and known as Unit 3 (now known as Unit 7), Cabot Square, London E14 4QA to be registered at HM Land Registry and which is subject to the Occupational Leases of Target Company B
<b><i>New Leasehold Title B Lease</i></b>	the Unit 3 (now known as Unit 7) headlease dated 17 March 2017 made between Target Company A and Target Company B
<b><i>Link</i></b>	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
<b><i>Luxembourg</i></b>	the Grand Duchy of Luxembourg
<b><i>Mainland China</i></b>	the People’s Republic of China excluding, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
<b><i>Manager</i></b>	Link Asset Management Limited, a company incorporated under the laws of Hong Kong, which is the manager of Link
<b><i>MS Head Leasehold Title</i></b>	the leasehold title to part of the Target Property registered at HM Land Registry under title number EGL317607, the legal title of which is held by Morgan Stanley UK Group on trust for Target Company A and which is subject to the Leasehold Title A and Leasehold Title B
<b><i>MS Head Leasehold Title Lease</i></b>	the 999 year lease dated 5 November 1993 made between (i) Canary Wharf Investments Limited, (ii) Canary Wharf Management Limited, (iii) Canary Wharf Limited, (iv) Morgan Stanley UK Holdings plc and (v) Morgan Stanley Group Inc.
<b><i>NAV</i></b>	net asset value
<b><i>Net Passing Income</i></b>	includes total annual rent payable under the Occupational Leases of £18.65 million and an equivalent per annum rental guarantee of £0.18 million based on Unit 2 Rental Adjustment but excludes rent free periods and the Occupational Leases of which are accounted for in the Aggregate Consideration
<b><i>New Target Completion Date</i></b>	has the meaning ascribed to it under the section headed “Key Terms of the Agreement” in this announcement
<b><i>Notice to Complete</i></b>	has the meaning ascribed to it under the section headed “Key Terms of the Agreement” in this announcement

<b>Occupational Leases</b>	the Occupational Leases of Target Company A and the Occupational Leases of Target Company B and <b>Occupational Lease</b> shall mean any one of them, a summary of which are further disclosed under the section headed “The Leasehold Interests” in this announcement
<b>Occupational Leases of Target Company A</b>	the occupational leases to which the Leasehold Title A is subject, together with all ancillary, collateral or supplemental agreements and <b>Occupational Lease of Target Company A</b> shall mean any one of them
<b>Occupational Leases of Target Company B</b>	the occupational leases to which the New Leasehold Title B is subject, together with all ancillary, collateral or supplemental agreements and <b>Occupational Lease of Target Company B</b> shall mean any one of them
<b>Parties</b>	the parties to the Agreement, and each a <b>Party</b>
<b>Property Interests</b>	Property Interests of Target Company A and Property Interests of Target Company B
<b>Property Interests of Target Company A</b>	collectively, the legal and beneficial interest in the Freehold Title, the legal and beneficial interest in the Leasehold Title A, and the beneficial interest in the MS Head Leasehold Title, each of which is held by Target Company A
<b>Property Interests of Target Company B</b>	the legal and beneficial interest in the New Leasehold Title B, which is held by Target Company B
<b>Premium and Fees Contribution</b>	a sum equal to 50% of the premium (inclusive of insurance premium tax), any brokers’ fees and any tax (in each case to the extent applicable) payable under the W&I Policy, subject to a maximum aggregate cap of £250,000 and representing the total contribution by the Seller to the premium, fees and tax payable in total by the Buyer in respect of the W&I Policy
<b>Principal Valuer</b>	Colliers International (Hong Kong) Limited
<b>REIT</b>	real estate investment trust
<b>REIT Code</b>	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being

<b><i>Seller</i></b>	Global REIT Cabot Square HoldCo S.à r.l., a private limited liability company incorporated under the laws of Luxembourg and registered with the Luxembourg Trade and Companies register, being the sole legal and beneficial owner of the Target Companies Shares immediately prior to the Completion and indirectly owned by HGR Liquidating Trust, which, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, is an Independent Third Party
<b><i>Seller's Group</i></b>	collectively, the Seller and its respective Associate but excluding the Target Companies
<b><i>Seller's Solicitors Account</i></b>	the interest bearing deposit account of the Seller's solicitors in connection with the Acquisition
<b><i>Shares Consideration</i></b>	has the meaning ascribed to it under the section headed "Key Terms of the Agreement" in this announcement
<b><i>SFC</i></b>	the Securities and Futures Commission of Hong Kong
<b><i>SFO</i></b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
<b><i>SPV</i></b>	special purpose vehicle
<b><i>Stock Exchange</i></b>	The Stock Exchange of Hong Kong Limited
<b><i>Target Company A</i></b>	25 Cabot Square S.à r.l., a private limited liability company incorporated under the laws of Luxembourg and registered with the Luxembourg Trade and Companies register under number B 184 830, which is directly wholly-owned and controlled by the Seller and indirectly owned by HGR Liquidating Trust immediately prior to Completion and the sole legal and beneficial owner of the Freehold Title and the Leasehold Title A and the beneficial owner of MS Head Leasehold Title
<b><i>Target Company A Shares</i></b>	the 11,000 shares in Target Company A, having a par value of £1.00 each, representing the entire share capital of Target Company A
<b><i>Target Company B</i></b>	Cabot Square Retail S.à r.l., a private limited liability company incorporated under the laws of Luxembourg and registered with the Luxembourg Trade and Companies register under number B 184 836, which is directly wholly-owned and controlled by the Seller and indirectly owned by HGR Liquidating Trust immediately prior to Completion and the sole legal and beneficial owner of the New Leasehold Title B

<b>Target Company B Shares</b>	the 11,000 shares in Target Company B, having a par value of £1.00 each, representing the entire share capital of Target Company B
<b>Target Companies</b>	the Target Company A and the Target Company B
<b>Target Companies Shares</b>	the Target Company A Shares and the Target Company B Shares
<b>Target Completion Date</b>	has the meaning ascribed to it under the section headed “Key Terms of the Agreement” in this announcement
<b>Target Property</b>	being the property known as The Cabot, which is located at 25 Cabot Square, Canary Wharf, London, E14 4QA, the United Kingdom and consisting of the Property Interests of Target Company A and Property Interests of Target Company B and the particulars of which are set out in this announcement
<b>Tax Claim</b>	a claim by or on behalf of the Buyer against the Seller in respect of any breach of a warranty in respect of tax as provided under the Agreement or a claim made under or for breach of the Tax Deed
<b>Tax Deed</b>	the tax deed in the agreed form between the Buyer and the Seller to be entered into on Completion in connection with the Acquisition
<b>Trust Deed</b>	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link (as amended and supplemented by 14 supplemental deeds)
<b>Trustee</b>	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
<b>United Kingdom or UK</b>	The United Kingdom of Great Britain and Northern Ireland
<b>Unit(s)</b>	unit(s) of Link
<b>Unitholder(s)</b>	holder(s) of Unit(s)
<b>Unit 2 Rental Adjustment</b>	rental adjustment paid by the Seller to the Buyer in respect of the unlet unit on Unit 2 of the Target Property. For the avoidance of doubt, the Unit 2 Rental Adjustment shall not exceed £350,000 in any event
<b>VAT</b>	United Kingdom value added tax imposed by the Value Added Tax Act 1994 and legislation and regulations supplemental thereto

**W&I Policy** the warranty and indemnity insurance policy to be issued to the Buyer on the date of the Agreement in relation to Claims and Tax Claims, having the Buyer as the insured and RSG Transactional Risks Europe as the insurer

% per centum or percentage

€ Euro, the lawful currency of the European Union

*The HKD equivalent of GBP disclosed in this announcement is based on the Bloomberg exchange rate (GBP1: HKD9.917) quoted as at 24 July 2020.*

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

Hong Kong, 26 July 2020

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

*Chairman (also an Independent Non-Executive Director)*

Nicholas Charles ALLEN

*Executive Directors*

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

NG Kok Siong (*Chief Financial 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