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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 TWO INSTITUTIONAL GRADE CAR PARK/CAR SERVICE CENTRES AND GODOWN BUILDINGS IN HONG KONG – NO. 60 KA YIP STREET, CHAI WAN AND NO. 50 PO LOI STREET, HUNG HOM

The Board is pleased to announce that, following a private tender process, the Purchasers (being indirect wholly-owned SPVs of Link), the Vendor and the Guarantor entered into the Sale and Purchase Agreements dated 10 November 2021, pursuant to which the Purchasers have respectively agreed conditionally to acquire from the Vendor (i) the Apollo Luck Sale Interest and (ii) the ZF Land Sale Shares. The Apollo Luck Sale Share and the ZF Land Sale Shares respectively represent all of the issued share(s) in (i) Apollo Luck, which is the sole owner of the Chai Wan Property located at No. 60 Ka Yip Street, Chai Wan, Hong Kong and (ii) ZF Land, which is the sole owner of the Hung Hom Property located at No. 50 Po Loi Street, Hung Hom, Kowloon, Hong Kong. The Apollo Luck Completion is conditional upon the ZF Land Completion occurring simultaneously (unless agreed otherwise by the Vendor and the Purchaser in relation to the Apollo Luck Sale and Purchase Agreement), but the ZF Land Completion is not conditional upon the Apollo Luck Completion occurring simultaneously.

The Chai Wan Property is a 9-storey godown building with a GFA of approximately 438,351 sf. which has been repurposed to a 4S full-service building hosting an automotive showroom, car servicing and repair workshops, godowns and ancillary offices. The Hung Hom Property is a 13-storey mixed-use car park building with a GFA of approximately 421,401 sf. which has also been repurposed to a 4S full-service building hosting an automotive showroom, car servicing and repair workshops, as well as a car park with 932 private and public parking spaces. Upon each Completion, Link will (through its SPV) become the sole owner of the relevant Target Property.

The consideration for the Apollo Luck Sale Interest and the ZF Land Sale Shares is HK\$2,700 million and HK\$3,120 million respectively (which represent the Agreed Property Values of the Chai Wan Property and the Hung Hom Property respectively), which are to be adjusted by the Adjusted NAVs of Apollo Luck and ZF Land, respectively. As at the Valuation Date, the Appraised Property Values of the Chai Wan Property and the Hung Hom Property were HK\$2,962 million and HK\$3,119 million respectively according to the Valuation Reports prepared by the Independent Property Valuer.

Each Completion is subject to the satisfaction or waiver of Conditions Precedent, and may or may not take place. Unitholders and potential investors of Link are advised to exercise caution when dealing in Units.

The Manager will make a further announcement upon Completion or, alternatively, if Completion does not take place due to the non-satisfaction of the Conditions Precedent. The Manager will also announce any Adjustment Payment made by any of the Purchasers or the Vendor.

Pursuant to the Sale and Purchase Agreements, upon Completion, Link (through the Target Companies) will enter into the Leases with the Tenant in respect of the Target Properties for a term of five years commencing on the day following Completion (which will be subject to the Existing Tenancy expiring on 30 June 2022 in the case of the Chai Wan Property) with three options, to renew for consecutive three-year option terms, exercisable by the Tenant. The rent will be HK\$7,313,854 per month up to 30 June 2022 and HK\$7,935,000 per month from 1 July 2022 under the Chai Wan Property Lease and HK\$7,962,000 per month under the Hung Hom Property Lease during the first year, subject to an annual increment of 4%, effective on each anniversary of the day following Completion, during the term of each Lease.

This announcement is made pursuant to paragraphs 10.3 and 10.4(ga) of the REIT Code since the total consideration for the Acquisition will be more than 1% of the gross asset value of Link. However, the Acquisition does not constitute a discloseable transaction of Link under Chapter 14 of the Listing Rules as all the applicable percentage ratios are less than 5%. The entering into of the Leases does not constitute a notifiable transaction.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries: (i) each of the Vendor, the Guarantor and its ultimate beneficial owner is an Independent Third Party; and (ii) each of the Tenant and its ultimate beneficial owner is an Independent Third Party. Accordingly, the Acquisition and the Leases and the transactions contemplated thereunder do not constitute connected party transactions of Link under the REIT Code.

The Board (including the independent non-executive Directors), having taken into account the Manager's duties under the Trust Deed and the REIT Code, is satisfied that: (i) the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder (including the entering into of the Leases) are on arm's length basis and on normal commercial terms which are fair and reasonable and in the interest of the Unitholders as a whole; (ii) the Acquisition and the transactions contemplated under the Sale and Purchase Agreements (including the entering into of the Leases) are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchasers to enter into the Sale and Purchase Agreements and (on Completion) the Target Companies to enter into the Leases and the transactions contemplated thereunder.

Based on and in sole reliance on the opinion of the Board, the information in this announcement and the confirmations provided by the Manager, and having taken into account its duties under the REIT Code and the Trust Deed, the Trustee has confirmed that: (i) the Acquisition and the transactions contemplated under the Sale and Purchase Agreements (including the entering into of the Leases) are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; (ii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchasers to enter into the Sale and Purchase Agreements and (on Completion) the Target Companies to enter into the Leases and the transactions contemplated thereunder; and (iii) it has no objection to the Acquisition and the transactions contemplated under the Sale and Purchase Agreements (including the entering into of the Leases).

SECTION I. OVERVIEW

Following a private tender process, on 10 November 2021, the Purchasers (being indirect wholly-owned SPVs of Link), the Vendor and the Guarantor entered into the Sale and Purchase Agreements, pursuant to which the Purchasers have respectively agreed conditionally to acquire from the Vendor (i) the Apollo Luck Sale Interest and (ii) the ZF Land Sale Shares. The Apollo Luck Sale Share and the ZF Land Sale Shares respectively represent all of the issued share(s) in (i) Apollo Luck, which is the sole owner of the Chai Wan Property located at No. 60 Ka Yip Street, Chai Wan, Hong Kong and (ii) ZF Land, which is the sole owner of the Hung Hom Property located at No. 50 Po Loi Street, Hung Hom, Kowloon, Hong Kong. The Apollo Luck Completion is conditional upon the ZF Land Completion occurring simultaneously (unless agreed otherwise by the Vendor and the Purchaser in relation to the Apollo Luck Sale and Purchase Agreement), but the ZF Land Completion is not conditional upon the Apollo Luck Completion occurring simultaneously. Upon each Completion, Link will (through its SPV) become the sole owner of the relevant Target Property.

SECTION II. KEY TERMS OF EACH SALE AND PURCHASE AGREEMENT

- (A) Date: 10 November 2021
- (B) Parties:
- (i) FU TUNG HOLDINGS LIMITED – being the Vendor;
 - (ii) GOLDEN HOPE VENTURES LIMITED (for the purchase of the Apollo Luck Sale Interest) or INSTANT SUCCESS VENTURES LIMITED (for the purchase of the ZF Land Sale Shares) – being the Purchaser under the relevant Sale and Purchase Agreement and each an indirectly wholly-owned SPV of Link set up for the Acquisition; and
 - (iii) JARDINE MOTORS HOLDINGS LIMITED – being the guarantor of the Vendor's obligations under the Sale and Purchase Agreement.

(C) Subject of the Acquisition: The Vendor will, on Completion, transfer (or procure the transfer of) the Sale Interest to the Purchaser free from encumbrance.

(D) Consideration and payment: The consideration for the Apollo Luck Sale Interest and the ZF Land Sale Shares is HK\$2,700 million and HK\$3,120 million respectively (which represent the Agreed Property Values of the Chai Wan Property and the Hung Hom Property, respectively), which are to be adjusted by the Adjusted NAVs of Apollo Luck and ZF Land respectively.

Each Purchaser will pay the consideration as follows:

- (i) HK\$50 million has been paid to the Vendor's solicitors on 22 October 2021 upon submission of the private tender and will be released to the Vendor and applied to form part of the deposit on 15 November 2021;
- (ii) an amount equal to (A) 10% of the Agreed Property Value less (B) HK\$50 million will be payable to the Vendor on 29 November 2021, as the balance of the deposit; and
- (iii) an amount equal to the sum of (A) 90% of the Agreed Property Value and (B) the Adjusted NAV based on the draft Completion accounts prepared by the Vendor will be payable to the Vendor upon Completion.

The draft Completion accounts will be audited within 60 days after Completion. Any difference in the amount of Adjusted NAV calculated based on the draft Completion accounts and the audited Completion accounts will be payable by the Vendor or the relevant Purchaser (as the case may be) within 10 business days after receipt of the audited Completion accounts.

The Manager is satisfied that the basis for determining the consideration for the Acquisition is fair and reasonable and in the interest of the Unitholders as a whole.

(E) Conditions Precedent: Completion will be conditional upon the following conditions being satisfied or waived in accordance with the Sale and Purchase Agreement:

- (i) the Vendor having procured the Target Company to show and prove to the Purchaser that the Target Company has a good title to the Target Property free from any encumbrance, which shall be deemed to have been satisfied to the extent of title up to and inclusive of 20 October 2021;

- (ii) all the warranties in respect of title to the Sale Interest and the Target Property being and remaining true and accurate and not misleading in all material respects up to Completion;
- (iii) the Target Property is not: (a) condemned, closed or declared dangerous by any governmental authority; (b) substantially damaged or destroyed, or rendered inaccessible; (c) subject to any closure order under relevant law; or (d) subject to any notice of resumption, compulsory acquisition or re-entry by the Government or any government authority;
- (iv) (in the case of the purchase of the Apollo Luck Sale Interest) ZF Land Completion occurring simultaneously with Apollo Luck Completion; and
- (v) (in the case of the purchase of the ZF Land Sale Shares) the Vendor having provided a statutory declaration to explain the loss of certain title deeds in respect of the Hung Hom Property before 29 November 2021.

The Purchaser may waive any of the above conditions, except that the condition under (iv) above may not be waived without the consent of the Vendor.

- (F) Completion: Completion is scheduled to take place on 31 December 2021 (or such other date as may be agreed between the Vendor and the Purchaser).
- (G) Lease back of the Target Property: Upon Completion, the Target Company will enter into the Lease to lease the Target Property to the Tenant for a term of five years commencing on the day following Completion (which will be subject to the Existing Tenancy expiring on 30 June 2022 in the case of the Chai Wan Property) with three options, to renew for consecutive three-year option terms, exercisable by the Tenant. The rent will be HK\$7,313,854 per month up to 30 June 2022 and HK\$7,935,000 per month from 1 July 2022 under the Chai Wan Property Lease and HK\$7,962,000 per month under the Hung Hom Property Lease during the first year, subject to an annual increment of 4%, effective on each anniversary of the day following Completion, during the term of each Lease.

The Tenant will pay the Target Company a deposit equal to four months of rent by way of bank guarantees issued by a licensed bank in Hong Kong.

- (H) Termination: The Sale and Purchase Agreement may be terminated:
- (i) by the Vendor, if the Purchaser fails to duly pay the balance of the deposit on 29 November 2021;
 - (ii) by the Purchaser, if any of the Conditions Precedent are not satisfied or waived; and
 - (iii) by the Vendor or the Purchaser, if the other party fails to comply with its Completion obligations on the scheduled Completion Date.

In case the Sale and Purchase Agreement is so terminated:

- (i) by the Vendor, then the deposit paid will be forfeited to the Vendor; and
- (ii) by the Purchaser, then the Vendor will immediately upon demand return the deposit to the Purchaser,

but without prejudice to the parties' rights to seek other remedies.

- (I) Warranties and indemnities: The Sale and Purchase Agreement contains warranties and indemnities by the Vendor customary for transactions of this nature and scale.

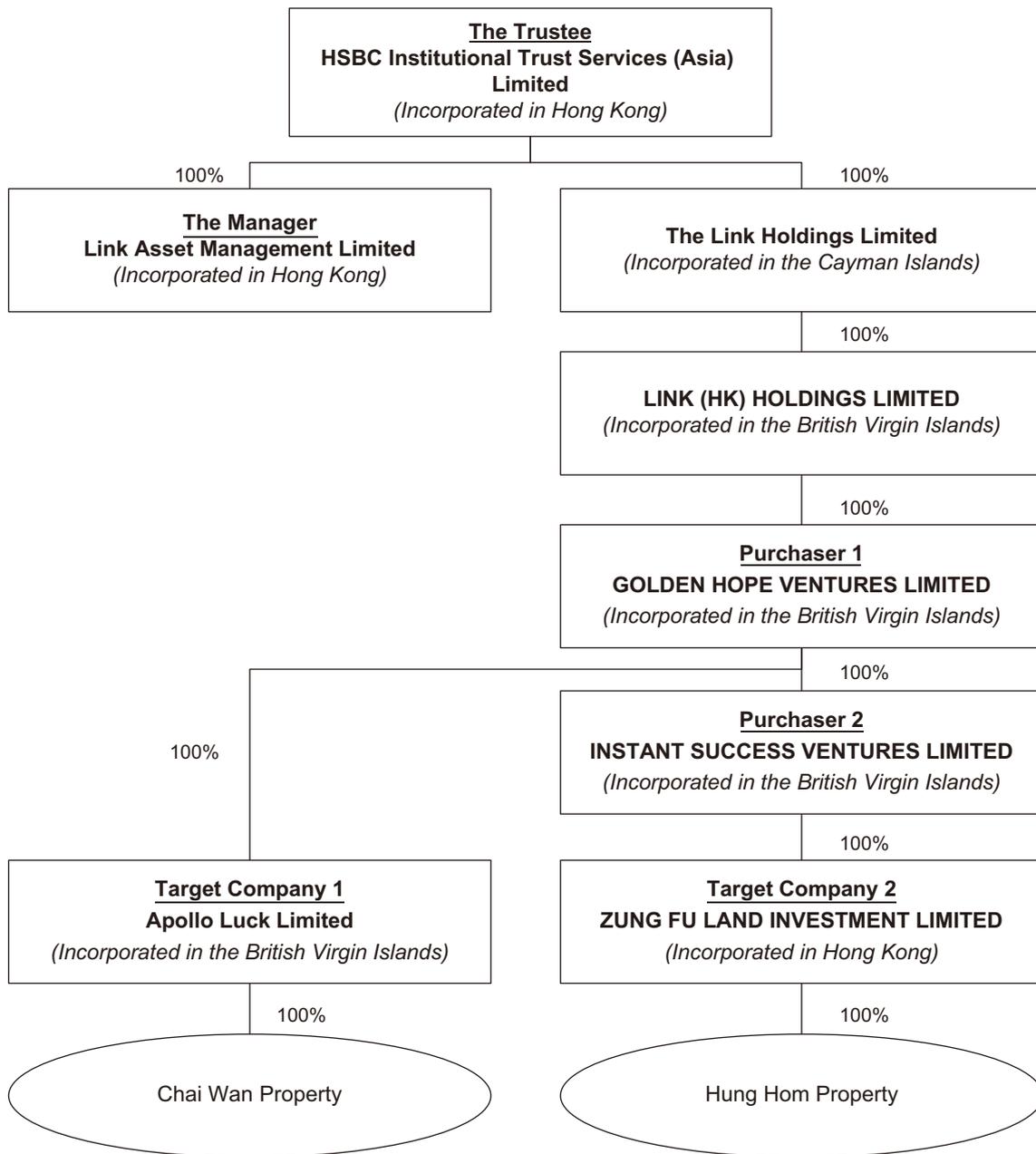
- (J) Guarantor: The Vendor's obligations under the Sale and Purchase Agreement are guaranteed by the Guarantor.

- (K) Governing law: Hong Kong law

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.

SECTION III. THE TARGET PROPERTIES

Set out below is a simplified chart showing the holding structure of the Target Properties immediately after Completion:



The Chai Wan Property

(A) General description: The Chai Wan Property is a 9-storey godown building located at No. 60 Ka Yip Street, Chai Wan, Hong Kong.

The Chai Wan Property was completed in 1989, and subsequently repurposed to a 4S full-service building hosting an automotive showroom, car servicing and repair workshops, godowns and ancillary offices. According to the Valuation Report, its approximate GFA, site area and number of parking spaces are as follows:

| | |
|--------------------------|--|
| GFA | 438,351 sf. |
| Site area | 62,528 sf. |
| Number of parking spaces | 45 parking spaces, inclusive of 20 lorry parking spaces and 25 private parking spaces |

(B) Tenancies:

- The Chai Wan Property is held for the Jardine Matheson Group's self-use except for certain floors which are subject to tenancies and licences;
- the aforementioned tenancies and licences will be terminated on Completion, with the exception of the Existing Tenancy which will expire on 30 June 2022, and the rent and licence fee per month for the period from Completion to 30 June 2022 will be approximately HK\$621,146 which will be payable by the existing tenant to Apollo Luck; and
- following Completion, the Chai Wan Property will be leased to the Tenant (but subject to the Existing Tenancy) in accordance with the Chai Wan Property Lease.

(C) Ownership: The Chai Wan Property is solely held by Apollo Luck.

(D) Term of the Government Lease: The term of the Government Lease of the Chai Wan Property is 75 years from 24 July 1981 with an option of renewal for a further term of 75 years.

- (E) Modification of user applications: The Government offered to grant, for a term of two years commencing on 10 June 2018 and thereafter quarterly:
- (i) a temporary waiver to permit the use of the ground floor of the Chai Wan Property as a motor vehicle showroom and ancillary office with a quarterly waiver fee of HK\$682,890; and
 - (ii) a temporary waiver to permit the use of the second to fourth floors of the Chai Wan Property for ancillary office and industrial and/or godown and/or car repairing purposes with a quarterly waiver fee of HK\$552,870.
- In the event that any of the temporary waivers is terminated, revoked or not renewed during the term of the Chai Wan Property Lease:
- (i) due to the fault of the Tenant, the Tenant is not entitled to terminate the Chai Wan Property Lease and should use the Chai Wan Property in compliance with the uses permitted under the Government Lease and the occupation permit and continue to pay the rent;
 - (ii) due to the fault of Apollo Luck as landlord, the Tenant may early terminate the lease of the whole or affected part of the Chai Wan Property; and
 - (iii) not due to the fault of either party to the Lease, the rent will be subject to adjustment on the basis agreed under the Chai Wan Property Lease.
- (F) Property management post-Completion: Under the Chai Wan Property Lease, the Tenant will be responsible for the management of the Chai Wan Property.
- (G) Valuation of the Chai Wan Property: As at the Valuation Date, the Appraised Property Value of the Chai Wan Property was HK\$2,962 million according to the Valuation Report by the Independent Property Valuer. The Agreed Property Value of the Chai Wan Property represents a discount of approximately 8.8% to the Appraised Property Value.

The Hung Hom Property

- (A) General description: The Hung Hom Property is a 13-storey mixed-use car park building located at No. 50, Po Loi Street, Hung Hom, Kowloon, Hong Kong.
- The Hung Hom Property was completed in 1980, and subsequently repurposed to a 4S full-service building hosting an automotive showroom, car servicing and repair workshops. According to the Valuation Report, its approximate GFA, site area and number of parking spaces are as follows:
- | | |
|---|-------------|
| GFA | 421,401 sf. |
| Site area | 36,500 sf. |
| Number of private and public parking spaces | 932 |
- Half of the parking spaces are required to be open to the public.
- (B) Tenancies:
- The Hung Hom Property is held for the Jardine Matheson Group's self-use and for public car parking use; and
 - following Completion, the Hung Hom Property will be leased to the Tenant in accordance with the Hung Hom Property Lease.
- (C) Ownership: The Hung Hom Property is solely held by ZF Land.
- (D) Term of the Government Lease: The term of the Government Lease of the Hung Hom Property is 999 years commencing from 16 November 1864.
- (E) Property management post-Completion: Under the Hung Hom Property Lease, the Tenant will be responsible for the management of the Hung Hom Property.
- (F) Valuation of the Hung Hom Property: As at the Valuation Date, the Appraised Property Value of the Hung Hom Property was HK\$3,119 million according to the Valuation Report by the Independent Property Valuer. The Agreed Property Value of the Hung Hom Property is broadly in-line with the Appraised Property Value.

SECTION IV. FEES AND EXPENSES

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).

SECTION V. FINANCIAL INFORMATION OF THE TARGET COMPANIES

Apollo Luck is a company incorporated under the laws of the British Virgin Islands on 12 May 2015. Its primary activities are property holding and leasing of the Chai Wan Property. ZF Land is a company incorporated under the laws of Hong Kong on 18 December 1979, and it is principally engaged in car park operation, property holding and leasing of the Hung Hom Property.

The financial statements of Apollo Luck were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Boards, whereas the financial statements of ZF Land were prepared in accordance with Hong Kong Financial Reporting Standards.

The following figures were extracted from the audited financial statements of Apollo Luck and ZF Land for the two years ended 31 December 2019 and 31 December 2020 as provided by the Vendor. Such figures are solely for reference purposes and do not represent the future performance of the Target Companies or the Target Properties:

Apollo Luck

| | For the year ended 31 December 2019 (audited) HK\$'000 | For the year ended 31 December 2020 (audited) HK\$'000 |
|----------------------------------|---|---|
| (1) Revenue | 101,409 | 103,704 |
| (2) Net profit before tax | 30,620 | 26,109 |
| (3) Net profit after tax | 34,489 | 24,820 |
| | As at 31 December 2019 (audited) HK\$'000 | As at 31 December 2020 (audited) HK\$'000 |
| (4) Net asset value ¹ | 224,283 | 249,103 |

¹Note: Net asset value is after taking into account of the Apollo Luck Sale Debts.

ZF Land

| | For the year ended 31 December 2019 (audited) HK\$'000 | For the year ended 31 December 2020 (audited) HK\$'000 |
|---------------------------|---|---|
| (1) Revenue | 90,388 | 93,066 |
| (2) Net profit before tax | 54,646 | 51,131 |
| (3) Net profit after tax | 39,778 | 33,158 |

| | As at 31 December 2019 (audited) HK\$'000 | As at 31 December 2020 (audited) HK\$'000 |
|---------------------|--|--|
| (4) Net asset value | 3,832,201 | 3,865,359 |

Based on the audited financial statements of the Target Companies provided by the Vendor, the aggregate net asset value of the Target Companies was approximately HK\$4,114,462,000 as at 31 December 2020, comprising mainly the Target Properties, receivables and prepayments, accruals and deposits received, (in the case of Apollo Luck) the Apollo Luck Sale Debts and (in the case of ZF Land) certain intercompany balances due from the Jardine Matheson Group. The Apollo Luck Sale Debts will be assigned to the relevant Purchaser on Completion and the intercompany balances due from the Jardine Matheson Group to ZF Land will be cleared before Completion. Other than the Target Properties and the Apollo Luck Sale Debts, the Target Companies are not expected to have any material assets and liabilities immediately following Completion.

SECTION VI. FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The consideration for the Acquisition together with the Expenses (approximately HK\$5,831.7 million) will be funded from Link's own cash resources and debt facilities. The Acquisition is not expected to have any material adverse impact on the financial position of Link as compared with that as at 30 September 2021 (as disclosed in the 2021/22 Interim Results Announcement).

Upon Completion, based on the consolidated financial position of Link as at 30 September 2021 (as disclosed in the 2021/22 Interim Results Announcement), the ratio of debt to total assets of Link would increase from approximately 21.6% (after adjusting for the impact of the interim distribution declared on 10 November 2021, the acquisition of 75% interests in two recently-developed modern logistics assets in Guangdong Province which was completed on 27 October 2021, and the acquisition of 50% interests in the Sydney CBD retail portfolio which was announced on 7 November 2021) to approximately 23.6% (assuming a drawdown of HK\$5,831.7 million on Link's debt facilities to finance the Acquisition and including the value of Link's interest in the Target Companies as if the Acquisition took place on 30 September 2021).

SECTION VII. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition 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. The Target Properties are sizable institutional grade properties with relatively long lease terms, providing an immediate and stable stream of rental return and cashflows for Link's Hong Kong portfolio during the COVID-19 pandemic and the subsequent recovery period.

Each of the Target Properties is a rare institutional grade car park/car service centre and godown building with unique building specifications and characteristics suitable for automobile related usage. Based on the current use permitted by the Lands Department, each of the buildings may be used for providing some or a full range of automobile services to customers, from showroom, sales, repair and maintenance to storage. Such category of properties is tight in supply and is highly sought-after in Hong Kong. Upon Completion, Link will hold its interest in the Target Properties as a long-term investment, adding diversified exposure both in terms of asset types and tenant base to the current portfolio of retail and commercial real estate.

The Manager considers the Acquisition is in the best interest of the Unitholders for the following reasons:

- Strategic location and unique characteristics

The Target Properties are strategically positioned in the urban areas of Hong Kong. Currently, there are only a few properties in urban areas of Hong Kong which offer these holistic before-and-after car sales services. The Target Properties are amongst these few.

The Hung Hom Property is located in a high-density catchment area surrounded by private residential and commercial buildings. The property is within 3 minutes' walk from Whampoa MTR Station and is frequently patronized by neighbourhood residents, workers, and visitors. In addition to the full-service automobile sales servicing centre, the property which houses private and public car parking spaces also offers a rare sizable public car park with more than 400 parking spaces in high demand.

The Chai Wan Property is located on the eastern-end of Hong Kong Island and commands a striking waterfront presence along the Victoria Harbour. Each floor of the property offers a panoramic sea view, which holds attractive appeal for car dealers as it provides unique branding and customer experiences. The property is located adjacent to the Chai Wan public cargo handling area, providing additional sea transportation option for users.

- Stable cashflows with regular rental step-up

Each Sale and Purchase Agreement provides for a sale and re-leasing arrangement with an initial fixed term of five years and three three-year optional terms thereafter for each property. The master-leases will generate a stable stream of cashflows, with an annual rental increment of 4% structured within each term of the Leases.

- An established and reputable master lease tenant

The Tenant, ZUNG FU COMPANY LIMITED, has been the exclusive car dealer of Mercedes-Benz in Hong Kong for over 60 years. The Tenant is a wholly-owned subsidiary of Jardine Matheson. Mercedes-Benz Hong Kong Limited is also a current tenant of part of the Chai Wan Property.

- Benefit from the tight supply of godown and car parking spaces

According to COLLIERS INTERNATIONAL (HONG KONG) LIMITED, while retail and offices have experienced volatility during COVID-19 and economic downturn, the industrial/godown sector has remained resilient and performed well. The lack of new supply, coupled with the reduction in existing stocks due to the Government's implementation of the industrial revitalization scheme to promote redevelopment and wholesale conversion initiatives, further tightened the supply of industrial/godown space, providing strong support for rental, occupancy rate and capital values for the sector.

Separately, there has been a prolonged shortage of car parking spaces in Hong Kong, as the number of private vehicles grew by 34.8% over the past decade while the number of parking spaces grew only by 9.0% during the same period. In particular, the demand and supply imbalance in Hung Hom will be further exacerbated as the upcoming residential developments have very limited provisions for parking spaces, accelerating upward pressure on demand and rents.

SECTION VIII. OPINION OF THE BOARD

The Board (including the independent non-executive Directors), having taken into account the Manager's duties under the Trust Deed and the REIT Code, is satisfied that: (i) the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder (including the entering into of the Leases) are on arm's length basis and on normal commercial terms which are fair and reasonable and in the interest of the Unitholders as a whole; (ii) the Acquisition and the transactions contemplated under the Sale and Purchase Agreements (including the entering into of the Leases) are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchasers to enter into the Sale and Purchase Agreements and (on Completion) the Target Companies to enter into the Leases and the transactions contemplated thereunder.

SECTION IX. CONFIRMATION BY THE MANAGER

The Manager has conducted due diligence on the Target Companies as well as the Target Properties in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual. No material irregularity or non-compliance issues have been identified during due diligence and the Manager is satisfied with the due diligence results.

Based on the due diligence conducted by the Manager and as advised by its legal advisers, the Manager is satisfied that the Purchasers will, through their ownership of the Target Companies, hold good and marketable legal and beneficial titles to the Target Properties upon Completion. The Purchasers, through their control of the Target Companies, will be able to sell the Target Properties (subject only to the Existing Tenancy, the Leases and the relevant government leases).

SECTION X. OPINION OF THE TRUSTEE

Based on and in sole reliance on the opinion of the Board, the information in this announcement and the confirmations provided by the Manager, and having taken into account its duties under the REIT Code and the Trust Deed, the Trustee has confirmed that: (i) the Acquisition and the transactions contemplated under the Sale and Purchase Agreements (including the entering into of the Leases) are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; (ii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchasers to enter into the Sale and Purchase Agreements and (on Completion) the Target Companies to enter into the Leases and the transactions contemplated thereunder; and (iii) it has no objection to the Acquisition and the transactions contemplated under the Sale and Purchase Agreements (including the entering into of the Leases).

SECTION XI. REGULATORY IMPLICATIONS

This announcement is made pursuant to paragraphs 10.3 and 10.4(ga) of the REIT Code since the total consideration for the Acquisition will be more than 1% of the gross asset value of Link. However, the Acquisition does not constitute a discloseable transaction of Link under Chapter 14 of the Listing Rules as all the applicable percentage ratios are less than 5%. The entering into of the Leases does not constitute a notifiable transaction.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries: (i) each of the Vendor, the Guarantor and its ultimate beneficial owner is an Independent Third Party; and (ii) each of the Tenant and its ultimate beneficial owner is an Independent Third Party. Accordingly, the Acquisition and the Leases and the transactions contemplated thereunder do not constitute connected party transactions of Link under the REIT Code.

SECTION XII. GENERAL

- **About the Purchasers and Link**

The Purchasers are companies incorporated in the British Virgin Islands and indirectly wholly-owned SPVs of Link. The Purchasers currently have no other business activity and will be used solely to hold Link's interest in the Target Companies and the Target Properties upon Completion.

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). Link, managed by the Manager, currently has a diversified portfolio which primarily comprises retail and office properties and car park spaces in China (both Mainland and Hong Kong), Australia and the United Kingdom. HSBC Institutional Trust Services (Asia) Limited is the trustee of Link.

- **About the Vendor, the Guarantor and the Tenant**

The Vendor is a company incorporated under the laws of Hong Kong. Its principal business is investment holding, and its subsidiaries are principally engaged in property holding and leasing, sales and aftersales of motor vehicles, and spare parts and auxiliary trade in the automotive segment in Hong Kong. The Guarantor, being the sole shareholder of the Vendor, is a company incorporated under the laws of the British Virgin Islands and is principally engaged in automotive dealership businesses. They are members of the Jardine Matheson Group, with Jardine Matheson being a company whose shares have their primary listing on the London Stock Exchange (stock code: JAR) and secondary listings on the Bermuda Stock Exchange (stock code: JMHBDBH) and the Singapore Exchange (stock code: J36). The Jardine Matheson Group is a diversified Asian-based business group principally engaged in motor vehicles and related operations, property investment and development, food retailing, health & beauty, home furnishings, engineering and construction, transport services, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

The Tenant is a company incorporated under the laws of Hong Kong. It is principally engaged in sales and after sales of motor vehicles in Hong Kong and Macau, and sales of motor vehicles spare parts and accessories. It is also an indirect wholly-owned subsidiary of Jardine Matheson.

- **Further announcements**

Each Completion is subject to the satisfaction or waiver of the Conditions Precedent, and may or may not take place. Unitholders and potential investors of Link are advised to exercise caution when dealing in Units.

The Manager will make a further announcement upon Completion or, alternatively, if Completion does not take place due to the non-satisfaction of the Conditions Precedent. The Manager will also announce any Adjustment Payment made by any of the Purchasers or the Vendor.

SECTION XIII. DEFINITIONS

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

2021/22 Interim Results Announcement the Interim Results Announcement of Link for the six months ended 30 September 2021 announced on 10 November 2021.

| | |
|--|---|
| 4S | sales, service, spare parts supply and surveys (customer feedback) in connection with a motor vehicle dealership. |
| Acquisition | the acquisition of the Sale Interests by the Purchasers from the Vendor pursuant to the Sale and Purchase Agreements. |
| Adjusted NAV | in relation to the adjustment of the consideration for a Sale Interest, the amount of (i) all current assets (including trade and other receivables and excluding deferred tax assets, all prepayments other than temporary waiver fees, any amount due from or owing by any member of the Jardine Matheson Group, trade and other receivables aged over 3 months or not covered by the rental deposits, deposits in the utility accounts, refund of waiver fees and the relevant Target Property and all fittings, finishes, fixtures, appliances and equipment therein and therefor), minus (ii) all liabilities and provisions of the relevant Target Company (excluding deferred tax liabilities (if any) and (in the case of Apollo Luck) the Apollo Luck Sale Debts), each as at the Completion Date. |
| Adjustment Payment | any amount payable by the Vendor or the relevant Purchaser as an adjustment to the consideration for a Sale Interest based on the Adjusted NAV. |
| Agreed Property Value | in relation to a Target Property, the value attributed to that Target Property, as agreed between the Vendor and the Purchaser. |
| Apollo Luck | Apollo Luck Limited, a company incorporated under the laws of the British Virgin Islands with registration in Hong Kong as a non-Hong Kong company. |
| Apollo Luck Completion | completion of the acquisition of the Apollo Luck Sale Interest in accordance with the Apollo Luck Sale and Purchase Agreement. |
| Apollo Luck Sale and Purchase Agreement | the agreement dated 10 November 2021 entered into by the Vendor, the relevant Purchaser and the Guarantor in respect of the acquisition of the Apollo Luck Sale Interest. |
| Apollo Luck Sale Debts | all amounts owing by Apollo Luck to the Vendor and certain associated companies of the Vendor as at Completion. |
| Apollo Luck Sale Interest | the Apollo Luck Sale Share and the Apollo Luck Sale Debts. |
| Apollo Luck Sale Share | the only issued share in Apollo Luck. |
| Appraised Property Value | in relation to a Target Property, the appraised value of that Target Property as at the Valuation Date according to the Valuation Report. |

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| Board | the board of Directors of the Manager. |
| Chai Wan Property | the godown building located at No. 60 Ka Yip Street, Chai Wan, Hong Kong, as further described in Section III. |
| Chai Wan Property Lease | the lease to be entered into by Apollo Luck (as lessor) and the Tenant (as lessee) on Completion in relation to the leaseback of the Chai Wan Property. |
| Completion | the Apollo Luck Completion or the ZF Land Completion. |
| Completion Date | the date on which Completion takes place. |
| Conditions Precedent | the conditions precedent to Completion under a Sale and Purchase Agreement. |
| Director(s) | the director(s) of the Manager. |
| Existing Tenancy | the existing tenancy of the fifth floor and the sixth floor of the Chai Wan Property and licence of 34 car parking spaces in the Chai Wan Property. |
| Expenses | expenses in an aggregate amount of approximately HK\$11.7 million payable by the Purchasers in respect of professional services fees and stamp duty in connection with the Acquisition. |
| GFA | gross floor area. |
| Government | the Government of Hong Kong. |
| Guarantor | Jardine Motors Holdings Limited, a company incorporated under the laws of the British Virgin Islands. |
| HK\$ | Hong Kong dollars, the lawful currency of Hong Kong. |
| Hong Kong | the Hong Kong Special Administrative Region of the PRC. |
| Hung Hom Property | the mixed use car park building located at No. 50 Po Loi Street, Hung Hom, Kowloon, Hong Kong, as further described in Section III. |
| Hung Hom Property Lease | the lease to be entered into by ZF Land (as lessor) and the Tenant (as lessee) on Completion in relation to the leaseback of the Hung Hom Property. |
| Independent Property Valuer | COLLIERS INTERNATIONAL (HONG KONG) LIMITED, the current Principal Valuer (as defined in the REIT Code) of Link and an independent property valuer (within the meaning of Chapter 6 of the REIT Code) appointed for valuing the Target Properties for the purpose of the Acquisition. |

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| <i>Independent Third Party</i> | a third party who is independent of Link and its connected persons (as defined in the REIT Code). |
| <i>Jardine Matheson</i> | Jardine Matheson Holdings Limited, a company incorporated under the laws of Bermuda. |
| <i>Jardine Matheson Group</i> | Jardine Matheson and its subsidiaries from time to time. |
| <i>Lease</i> | the Chai Wan Property Lease or the Hung Hom Property Lease, and collectively, the “ Leases ”. |
| <i>Link</i> | 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), whose Units are listed on the Main Board of the Stock Exchange (stock code: 823), and where the context requires, includes the SPVs. |
| <i>Listing Rules</i> | the Rules Governing the Listing of Securities on the Stock Exchange, as modified and applied by the REIT Code. |
| <i>Manager</i> | Link Asset Management Limited, a company incorporated under the laws of Hong Kong, in its capacity as the manager of Link. |
| <i>percentage ratios</i> | percentage ratios calculated by the Manager pursuant to Rule 14.07 of the Listing Rules. |
| <i>PRC</i> | the People’s Republic of China. |
| <i>Purchasers</i> | <p>(i) (for the purchase of the Apollo Luck Sale Interest) GOLDEN HOPE VENTURES LIMITED, a company incorporated under the laws of the British Virgin Islands, being an indirectly wholly-owned SPV of Link; and</p> <p>(ii) (for the purchase of the ZF Land Sale Shares) INSTANT SUCCESS VENTURES LIMITED, a company incorporated under the laws of the British Virgin Islands, being an indirectly wholly-owned SPV of Link,</p> <p>and “Purchaser” means either of them as the case may be.</p> |
| <i>REIT Code</i> | the Code on Real Estate Investment Trusts published, and as may be amended, supplemented or otherwise modified from time to time, by the SFC. |

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| <i>Sale and Purchase Agreement</i> | the Apollo Luck Sale and Purchase Agreement or the ZF Land Sale and Purchase Agreement, and collectively, the “ Sale and Purchase Agreements ”. |
| <i>Sale Interest</i> | (i) the Apollo Luck Sale Interest, or (ii) the ZF Land Sale Shares. |
| <i>sf.</i> | square feet. |
| <i>SFC</i> | the Securities and Futures Commission of Hong Kong. |
| <i>SPV(s)</i> | special purpose vehicle(s) of Link. |
| <i>Stock Exchange</i> | The Stock Exchange of Hong Kong Limited. |
| <i>Target Company</i> | Apollo Luck or ZF Land, and collectively, the “ Target Companies ”. |
| <i>Target Property</i> | the Chai Wan Property or the Hung Hom Property, and collectively, the “ Target Properties ”. |
| <i>Tenant</i> | ZUNG FU COMPANY LIMITED, a company incorporated under the laws of Hong Kong. |
| <i>Trust Deed</i> | the second amending and restating deed dated 30 July 2021 modifying the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link (as amended, supplemented and/or restated by 15 supplemental deeds/ amending and restating deed). |
| <i>Trustee</i> | HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Link. |
| <i>Unit(s)</i> | unit(s) of Link. |
| <i>Unitholder(s)</i> | holder(s) of Unit(s). |
| <i>Valuation Date</i> | 22 October 2021. |
| <i>Valuation Report</i> | the valuation reports on the Target Properties dated 22 October 2021 by the Independent Property Valuer for the purpose of the Acquisition. |
| <i>Vendor</i> | FU TUNG HOLDINGS LIMITED, a company incorporated under the laws of Hong Kong. |
| <i>ZF Land</i> | ZUNG FU LAND INVESTMENT LIMITED, a company incorporated under the laws of Hong Kong. |

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| ZF Land Completion | completion of the acquisition of the ZF Land Sale Shares in accordance with the ZF Land Sale and Purchase Agreement. |
| ZF Land Sale and Purchase Agreement | the agreement dated 10 November 2021 entered into by the Vendor, the relevant Purchaser and the Guarantor in respect of the acquisition of the ZF Land Sale Shares. |
| ZF Land Sale Shares | all the issued shares in ZF Land. |

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, 10 November 2021

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

Jenny GU Jialin

Lincoln LEONG Kwok Kuen

Blair Chilton PICKERELL

Poh Lee TAN

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

Elaine Carole YOUNG