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Link CB Limited

*(incorporated in the British Virgin Islands with limited liability)
(as Issuer)*

Proposed Issue of Guaranteed Convertible Bonds due 2027

guaranteed by

The Link Holdings Limited

(incorporated in the Cayman Islands with limited liability)

and

Link Properties Limited (領展物業有限公司)

(incorporated in the Cayman Islands with limited liability)

and

HSBC Institutional Trust Services (Asia) Limited

(滙豐機構信託服務(亞洲)有限公司)

(incorporated in Hong Kong with limited liability)

in its capacity as trustee, and with recourse limited to the assets,

of

Link Real Estate Investment Trust (領展房地產投資信託基金)

(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)

managed by

Link Asset Management Limited (領展資產管理有限公司)

(incorporated in Hong Kong with limited liability)

in its capacity as manager of Link Real Estate Investment Trust

Sole Global Coordinator and Sole Bookrunner

HSBC

The Board wishes to announce that the Issuer intends to issue guaranteed convertible bonds to institutional investors and/or professional investors only.

The Hongkong and Shanghai Banking Corporation Limited (**HSBC**) has been appointed as the Sole Global Coordinator and Sole Bookrunner in respect of the proposed Issue.

The terms of the Bonds, including the initial Conversion Price and size of the Issue, and other terms will be determined through a book-building exercise to be conducted by the Manager. Upon finalisation of the terms of the proposed Issue, the Manager will enter into a subscription agreement for the proposed Issue with the Issuer, HoldCo, PropCo and the REIT Manager (the **Subscription Agreement**).

The Bonds will not be offered to the public in Hong Kong and none of the Bonds will be placed to any connected persons of Link REIT, save for any Bonds which may be taken up by HSBC pursuant to its underwriting obligations under the Subscription Agreement, which would be held subject to certain covenants and restrictions. The Bonds, the Guarantee and the New Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds will be offered and sold in an offering outside the United States in reliance on Regulation S under the Securities Act.

This announcement is not for distribution, directly or indirectly, in or into the European Economic Area (the **EEA**) or the United Kingdom (the **UK**). The Bonds are not being offered or sold, and may not be offered or sold, directly or indirectly, to or into the EEA or the UK.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances.

WARNING: As the Subscription Agreement may or may not be completed, the Bonds may or may not be issued or listed and the New Units may or may not be issued or listed, Unitholders and potential investors are advised to exercise caution when dealing in the securities of the Issuer and Link REIT.

1. INTRODUCTION

The Board of Directors (the **Board**) of Link Asset Management Limited, as manager (the **REIT Manager**) of Link Real Estate Investment Trust (**Link REIT**), wishes to announce that its indirect wholly-owned subsidiary, Link CB Limited (the **Issuer**) intends to issue guaranteed convertible bonds (the **Bonds**) of maturity of five years, convertible into new units of Link REIT (**New Units**) with an aggregate principal amount of up to HK\$4 billion (the **Issue**). Each of The Link Holdings Limited (**HoldCo**), Link Properties Limited (**PropCo**) and HSBC Institutional Trust Services (Asia) Limited in its capacity as trustee, and with recourse limited to the assets, of Link REIT (the **REIT Trustee**, together with the HoldCo and the PropCo, the **Guarantors** and each a **Guarantor**) will jointly and severally guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the trust deed to be entered into in relation to the Bonds (the **Bond Trust Deed**).

The Bonds will be placed to institutional investors and/or professional investors only. The REIT Manager will promptly notify The Securities and Futures Commission of Hong Kong (the **SFC**) of any dealings by connected persons of Link REIT in the Bonds upon it becoming aware of such dealings and will comply with the relevant provisions of the code on Real Estate Investment Trust Issued by the SFC (the **REIT Code**) in respect thereof. None of the Bonds will be offered to the public in Hong Kong and none of the Bonds will be placed to any connected persons of Link REIT, save for any Bonds which may be taken up by The Hongkong and Shanghai Banking Corporation Limited (**HSBC**) pursuant to its underwriting obligations under the Subscription Agreement, which would be held subject to certain covenants and restrictions. HSBC has been appointed as sole bookrunner and underwriter for the Issue (the **Manager**).

The terms and conditions of the Bonds (the **Terms and Conditions**) will be finalised upon the pricing of the Issue, following the completion of a book-building exercise by the Manager.

2. PRICING OF THE BONDS

Pricing of the Bonds is expected to take place on or around 22 November 2022. A summary of the indicative Terms and Conditions is set out in the Appendix to this announcement. An announcement of the definitive terms of the Bonds will be made following pricing of the Bonds.

As at the date of this announcement, Link REIT has an aggregate of 2,107,497,039 units (**Units**) in issue. Assuming (a) there is no other change in the existing unitholding of Link REIT; and (b) full conversion of the Bonds based on the initial Conversion Price (as defined below) of HK\$61.92¹ per Unit, a maximum of 64,599,483 New Units will be issued, representing (i) approximately 3.1% of the total number of Units in issue as at the date of this announcement; and (ii) approximately 3.0% of the number of Units in issue as enlarged by the issue of the New Units.

¹ Using a conversion premium of approximately 16.5% above the closing price of the Unit as quoted on the Hong Kong Stock Exchange on 22 November 2022

The indicative initial Conversion Price of HK\$61.92 represents:

- (i) a premium of approximately 16.5% to the closing price of HK\$53.15 per Unit as quoted on The Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**) on the last Trading Day, being 22 November 2022;
- (ii) a premium of approximately 13.2% to the average closing price of HK\$54.68 per Unit for the last five consecutive Trading Days up to and including the last Trading Day, being 22 November 2022;
- (iii) a premium of approximately 14.6% to the average closing price of HK\$54.01 per Unit for the last 10 consecutive Trading Days up to and including the last Trading Day, being 22 November 2022; and
- (iv) a discount of approximately 23.4% to the unaudited consolidated net asset value per Unit attributable to unitholders of Link REIT (**Unitholders**) as at 30 September 2022 of HK\$80.86,

where “**Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be, an alternative stock exchange is open for dealing business, provided that for the purposes of any calculation where a closing price is required, if no closing price is reported in respect of the relevant Units on the Hong Kong Stock Exchange or, as the case may be, the alternative stock exchange for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days.

3. STATUS OF THE BONDS AND THE NEW UNITS

The Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by applicable legislation and subject to the Terms and Conditions, will at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.

The New Units will be issued, fully paid and in all respects rank *pari passu* with the Units in issue, on the relevant date to the person or persons registered in Link REIT’s register of Unitholders (the **Registration Date**). Save as provided for in the Terms and Conditions, a holder of Units issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

4. STATUS OF THE GUARANTEE

Each of the Guarantors will, jointly and severally, unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bond Trust Deed and the Bonds. Each of the Guarantors’ obligations in that respect (collectively, the **Guarantee**) will be contained in the Bond Trust Deed. The Guarantee will constitute direct, unconditional and unsubordinated obligations of each of the Guarantors and will at all times rank *pari passu* and without any preference among themselves.

5. LISTING

Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds (under Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) and the New Units on the Hong Kong Stock Exchange.

6. CLOSING DATE

The closing date for the Issue is currently expected to be on or about 12 December 2022 (the **Closing Date**).

7. REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS

The Board considers that the Issue represents an opportunity to refinance existing obligations and that the proceeds may also be used for general corporate purposes.

The Board has been keeping abreast of the latest market conditions and the pros and cons of different financing alternatives in terms of costs and timing involved. In view of the current market situation and Link REIT's financial condition, the Board believes that the proposed Issue is in the best interests of Link REIT and the Unitholders as a whole.

The REIT Manager believes that the proposed Issue will bring the following benefits to Unitholders:

- i. **Replenishment of Link REIT's maturing facilities:** As at 30 September 2022, Link REIT had in place facilities of approximately HK\$68.3 billion in aggregate of which approximately HK\$55.1 billion was drawn and approximately HK\$3.1 billion will expire in the financial year ended 31 March 2023. The proposed issue of Bonds will replenish Link REIT's funding sources.
- ii. **Diversification of funding sources and expansion of investor base:** Save for the HK\$4 billion 1.60 per cent. convertible bonds due 2024 issued in April 2019 by the Issuer (previously known as Link 2019 CB Limited) (the **2024 Convertible Bonds**), Link REIT has not issued any other convertible bonds. The proposed Issue will be a relatively novel funding source for Link REIT and would be in line with its capital management strategy of diversifying funding sources. Investors in convertible bonds are typically different from the investors in straight bond and loan markets. The proposed Issue can further expand the investor base of Link REIT.

- iii. **Possible increase in trading liquidity of Units:** The New Units to be issued upon full conversion of the Bonds would increase the number of Units in issue by a maximum of approximately 64.6 million, which is an increase of (a) 3.1 per cent. of the total number of Units currently in issue; and (b) approximately 3.0 per cent. of the number of Units in issue as enlarged by the Conversion. The aforementioned increase in the total number of Units in issue is expected to improve the level of trading liquidity of the Units.

The terms of the Subscription Agreement and the Terms and Conditions were arrived at after arm's length negotiations between the parties to the Subscription Agreement with reference to the prevailing trading prices of the Units and the financial conditions of Link REIT. The REIT Manager considers that the terms of the Subscription Agreement and the Terms and Conditions are normal commercial terms and are fair and reasonable as far as the Unitholders are concerned, and the Issue is in the best interests of Link REIT and the Unitholders as a whole.

8. USE OF PROCEEDS

The REIT Manager expects to use the net proceeds (i.e. after deduction of commissions and other related expenses from the gross proceeds) from the Issue to refinance existing obligations and for general corporate purposes.

9. AUTHORITY TO ISSUE THE BONDS

The New Units will be issued by Link REIT pursuant to, and within the limits of the authority conferred upon Link REIT under, paragraph 12.2 of the REIT Code and Clause 8 of the second amending and restating deed between the REIT Trustee and the REIT Manager dated 30 July 2021 (which amended and restated the trust deed dated 6 September 2005 between the REIT Trustee and the REIT Manager constituting Link REIT, which was amended and supplemented by 14 supplemental deeds and amended and restated by the first amending and restating deed dated 8 February 2021) (collectively, the ***Link REIT Trust Deed***), pursuant to which Units may be issued in any financial year otherwise than on a pro rata basis to all existing Unitholders, without the approval of the Unitholders, if the total number of new Units issued (after making certain adjustments) does not increase the number of Units that were outstanding at the end of the previous financial year by more than 20% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC).

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances.

WARNING: As the Subscription Agreement may or may not be completed, the Bonds may or may not be issued or listed and the New Units may or may not be issued or listed, Unitholders and potential investors are advised to exercise caution when dealing in the securities of the Issuer and Link REIT.

The REIT Manager will make a further announcement on the date of signing of the Subscription Agreement.

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, 22 November 2022

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

Peter TSE Pak Wing

Nancy TSE Sau Ling

IMPORTANT NOTICE

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units and/or the Bonds.

The Bonds, the Guarantee and the New Units have not been, and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act. This notice is for information purposes only and does not constitute an offer or sale of Bonds or New Units in the United States or any other jurisdiction. Neither this notice nor any portion hereof may be sent or transmitted into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.

The Bonds may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and none of the Bonds will be placed with any connected persons of Link REIT, save for any Bonds which may be taken up by HSBC pursuant to its underwriting obligations under the Subscription Agreement, which would be held subject to certain covenants and restrictions.

The value of Units and the Bonds and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the REIT Manager or any of its affiliates. An investment in Units and/or Bonds is subject to investment risks, including the possible loss of the principal amount invested.

The past performance of Link REIT is not necessarily indicative of the future performance of Link REIT.

APPENDIX

Indicative Terms of the Bonds

The indicative terms of the Bonds are summarised as follows. Please note that the following terms are **indicative** only. An announcement of the definitive terms of the Bonds will be made following pricing of the Bonds.

Issue Size:	Up to HK\$4 billion in aggregate principal amount of Bonds
Issue Price:	100.0 per cent. of the principal amount of the Bonds
Form and Denomination of the Bonds:	The Bonds will be issued in registered form in denominations of HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof. Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A.
Security:	Nil
Settlement and Payment:	Subject to fulfilment of the conditions set out in the subscription agreement to be entered into between the Issuer, HoldCo, PropCo, the REIT Manager and the Manager, settlement and payment for the Bonds is expected to take place on or about 12 December 2022 or such other date as may be agreed
Maturity Date:	Five years from the date of Issue
Early Redemption at the Option of the Bondholders:	The holder of each Bond will have the right to require the Issuer to redeem all or some only of such holder's Bonds on the date falling three years from the Closing Date (the Optional Put Date) at their principal amount together with interest accrued up to the date fixed for redemption but unpaid.
Interest:	The Bonds will bear interest at a rate to be determined based on an indicative range from 4.0% to 4.5% per annum, payable quarterly in arrear
Initial Conversion Price:	HK\$61.92 per Unit

Conversion:	The number of New Units to be issued on conversion of the Bonds will be determined by dividing the principal amount of the Bond to be converted by the then prevailing conversion price at which New Units will be issued upon conversion, as adjusted from time to time (the Conversion Price) in respect of the Bonds
Conversion Period:	Convertible at the option of the holder of the Bonds (each, a Bondholder) at any time on or after the date falling 41 days after the Closing Date up to and including the date falling 10 days prior to the Maturity Date or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to a date no later than seven business days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the Bondholder pursuant to the Terms and Conditions then up to the business day prior to the giving of such notice, subject to customary closed periods and the Terms and Conditions
Adjustments to Conversion Price:	The Conversion Price will be subject to adjustment in certain events including: consolidation, subdivision, redesignation or reclassification, capitalisation of profits or reserves, extraordinary distributions, rights issues of Units or options over Units at less than 95% of the current market price, rights issues of other securities, issues at less than 95% of the current market price and modification of rights of conversion. The adjustments are determined in accordance with the specified formulae set out in the Terms and Conditions.
Status of Bonds:	The Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by applicable legislation and subject to the Terms and Conditions, will at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.
Status of the Guarantee:	The Guarantee constitutes direct, unconditional and unsubordinated obligations of each of the Guarantors and will at all times rank <i>pari passu</i> and without any preference among themselves.

Negative Pledge:

So long as any Bond remains outstanding, neither the Issuer nor the Guarantors will (and each of the Issuer, HoldCo and PropCo will ensure that none of the other members of the Group (excluding the REIT Trustee) will) create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest other than a Permitted Security Interest (as defined in the Terms and Conditions) upon the whole or any part of the assets, properties or revenues of Link REIT present or future to secure any Relevant Debt (as defined in the Terms and Conditions), or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds, or, as the case may be, the Guarantors' obligations under the Guarantee (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an extraordinary resolution of the Bondholders.

Redemption at Maturity:

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

Redemption at the Option
of the Issuer on Increased
Conversion Price:

On or at any time after three years and two weeks from the Closing Date, but not less than seven business days prior to the Maturity Date, the Issuer may, having given not less than 30 nor more than 60 days' prior notice to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with the Terms and Conditions (the **Optional Redemption Notice**), redeem the Bonds in whole but not in part, at their principal amount together with interest accrued up to the date fixed for redemption but unpaid, provided that no such redemption may be made unless the Closing Price (as defined in the Terms and Conditions) of the Units for any 20 Trading Days out of 30 consecutive Trading Days immediately prior to the date upon which the Optional Redemption Notice is given was at least 130 per cent. of the applicable Conversion Price then in effect.

Redemption at the Option
of the Issuer on Minimum
Outstanding Amounts:

On giving not less than 30 nor more than 60 days' prior notice to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with the Terms and Conditions, the Issuer may redeem the Bonds, in whole but not in part, on the date specified in the Option Redemption Notice at their principal amount together with interest accrued up to the date fixed for redemption but unpaid if, at any time, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any further bonds issued in accordance with the Terms and Conditions).

Redemption for Taxation
Reasons:

In the event certain changes occur affecting taxes in the British Virgin Islands, the Cayman Islands or Hong Kong, the Issuer may, subject to certain conditions being satisfied, redeem the Bonds in whole but not in part at their principal amount together with interest accrued up to the date fixed for redemption but unpaid. A Bondholder has the right to elect that its Bonds will not be redeemed on the occurrence of certain changes affecting taxes in the British Virgin Islands, the Cayman Islands or Hong Kong, provided that in such case the Issuer will not be required to gross up on account of such changes in tax.

Redemption for Change of
Control:

Following the occurrence of a Change of Control (as defined in the Terms and Conditions), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Change of Control Put Date (as defined in the Terms and Conditions) at their principal amount together with any interest accrued up to the date fixed for redemption but unpaid.

Delisting or Suspension
Put Right:

In the event the Units cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, an Alternative Stock Exchange (as defined in the Terms and Conditions) (a **Delisting**) or trading is suspended for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (a **Suspension**) each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem all or some only of such Bondholder's Bonds on the 20th business day after notice has been given to Bondholders regarding the Delisting or Suspension or, if such notice is not given, the 20th business day after the Delisting or Suspension (the **Delisting or Suspension Put Date**) at their principal amount together with interest accrued up to the Delisting or Suspension Put Date but unpaid.

Lock-up:

Each of the Issuer, HoldCo, PropCo and the REIT Manager will undertake and covenant that it will not, and will procure that neither Link REIT nor any of its subsidiaries nor any person acting on behalf of any of them will, for a period from the date of the Subscription Agreement up to 90 days after the Closing Date, without the prior written consent of the Manager, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) any Units or securities convertible or exchangeable into or exercisable for Units or warrants or other rights to purchase Units or any security or financial product whose value is determined directly or indirectly by reference to the price of the Units, including equity swaps, forward sales and options representing the right to receive any Units (whether or not such contract is to be settled by delivery of Units or such other securities, in cash or otherwise) save for (i) New Units issued pursuant to the conversion provisions of the Bonds or Units issued pursuant to the conversion provisions of the 2024 Convertible Bonds, (ii) Units issued pursuant to any distribution reinvestment scheme approved from time to time by the Board in accordance with the Link REIT Trust Deed, pursuant to which Unitholders may be entitled to receive a scrip distribution of new Units on account of all or a portion of the distributions payable them, or any successor or additional distribution reinvestment plan provided that such successor or additional plan is fully underwritten, or (iii) Units issued or agreed to be issued pursuant to any publicly disclosed employees' Unit scheme or plan that may be adopted by the unitholders of Link REIT.

Governing Law:

English law