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The Link Real Estate Investment Trust

*(a collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*
(stock code: 823)

ACQUISITION OF PROPERTY EC MALL BEIJING

The Board is pleased to announce that pursuant to the SPA dated 24 March 2015, the Purchaser, a Special Purpose Vehicle wholly owned by The Link, has agreed to acquire the Shares (being the entire issued share capital of the Target Company) and the Shareholder Loan at the Consideration of approximately US\$303 million (before and subject to adjustment as described below). The aggregate of (i) the Consideration (before adjustment as described above) and (ii) the Net Debt of the Target Group (including the principal amount outstanding under the bank loan secured by the Mortgage) as at the Cut-Off Date represents the value of the Property as agreed between the Seller and the Purchaser (being RMB2.5 billion (equivalent to approximately US\$408 million)) for the purposes of the Acquisition. The agreed value of the Property represents a premium of approximately 1.63% over the Appraised Value.

The Target Company is incorporated in Hong Kong and owns the entire registered capital of the Project Company. The Project Company is the sole owner of the Property (an upper mid-market shopping mall known as at the date of this announcement as the EC Mall (歐美匯) at Jia No. 1, Danling Street, Haidian District, Beijing, the PRC). Based on the information provided by the Seller, the occupancy rate of the Property was approximately 99.0% as at 28 February 2015. The Link intends to hold the Property as a long-term investment.

Pursuant to the terms of the SPA, the Purchaser has paid the Deposit of approximately US\$41 million to the Escrow Agent, which will be released to the Seller pending and subject to Completion. The balance of the Consideration will be paid by the Purchaser to the Seller on Completion in accordance with the terms of the SPA and subject to adjustment and deductions as described below. Completion in accordance with the terms of the SPA is scheduled to take place on 1 April 2015. On and subject to Completion, The Link will become (through the Purchaser) the sole shareholder of the Target Company and (through the Project Company) the sole owner of the Property.

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The aggregate of the Consideration (being approximately US\$303 million, before and subject to adjustment as described below), the Net Debt of the Target Group (including the principal amount outstanding under the bank loan secured by the Mortgage which was approximately RMB641 million (equivalent to approximately US\$104 million)) as at the Cut-Off Date and the Expenses payable in connection with the Acquisition (1) represents approximately 2.91% of the total market capitalisation of The Link (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of this announcement); (2) represents approximately 2.37% of the total assets of The Link as at 30 September 2014 (as disclosed in the 2014/2015 Interim Report) after adjusting for the impact of the interim distribution paid by The Link on 9 December 2014, the disposal of five properties by The Link as announced and completed, respectively, on 29 September 2014 and 1 December 2014, and the acquisition of a piece of land in Kowloon, Hong Kong by The Link through a joint venture as announced on 27 January 2015; and (3) is less than 15% of the gross asset value of The Link as at 30 September 2014 (as disclosed in the 2014/2015 Interim Report).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Seller, the Seller's Guarantors, and their respective ultimate beneficial owners is an Independent Third Party. Accordingly, the Acquisition does not constitute a connected party transaction of The Link under the REIT Code.

The Board (including the independent non-executive Directors) is satisfied that the Acquisition and the entering into by the Purchaser of the SPA and the transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interest of The Link and the Unitholders as a whole. The Board is satisfied, and (based on and in sole reliance on the opinion of the Board and the information and confirmation provided by the Manager (and having taken into account its duties under the Trust Deed and the REIT Code)) the Trustee is also satisfied, that no Unitholders' approval is required under the REIT Code and the Trust Deed for the Purchaser to enter into the SPA and the transactions contemplated thereunder.

SECTION A. OVERVIEW

The Board is pleased to announce that the Purchaser, a Special Purpose Vehicle wholly owned by The Link, has entered into the SPA with the Seller in respect of the Acquisition.

On and subject to the terms of the SPA, The Link (through the Purchaser) has agreed to acquire the Shares (being the entire issued share capital of the Target Company) and the Shareholder Loan. The Target Company is a single purpose entity incorporated in Hong Kong and holds the entire registered capital of the Project Company. The Project Company is established in the PRC with a branch in Beijing and is a single purpose entity and the sole owner of the Property which is located at Jia No. 1, Danling Street, Haidian District, Beijing, the PRC. On and subject to Completion, The Link will become (through the Purchaser) the sole shareholder of the Target Company and (through the Project Company) the sole owner of the Property. The Link intends to hold the Property as a long-term investment. The Property is presently subject to the Mortgage which the Manager intends to re-finance as soon as practicable after Completion.

SECTION B. KEY TERMS OF THE SPA

Date: 24 March 2015

Parties:

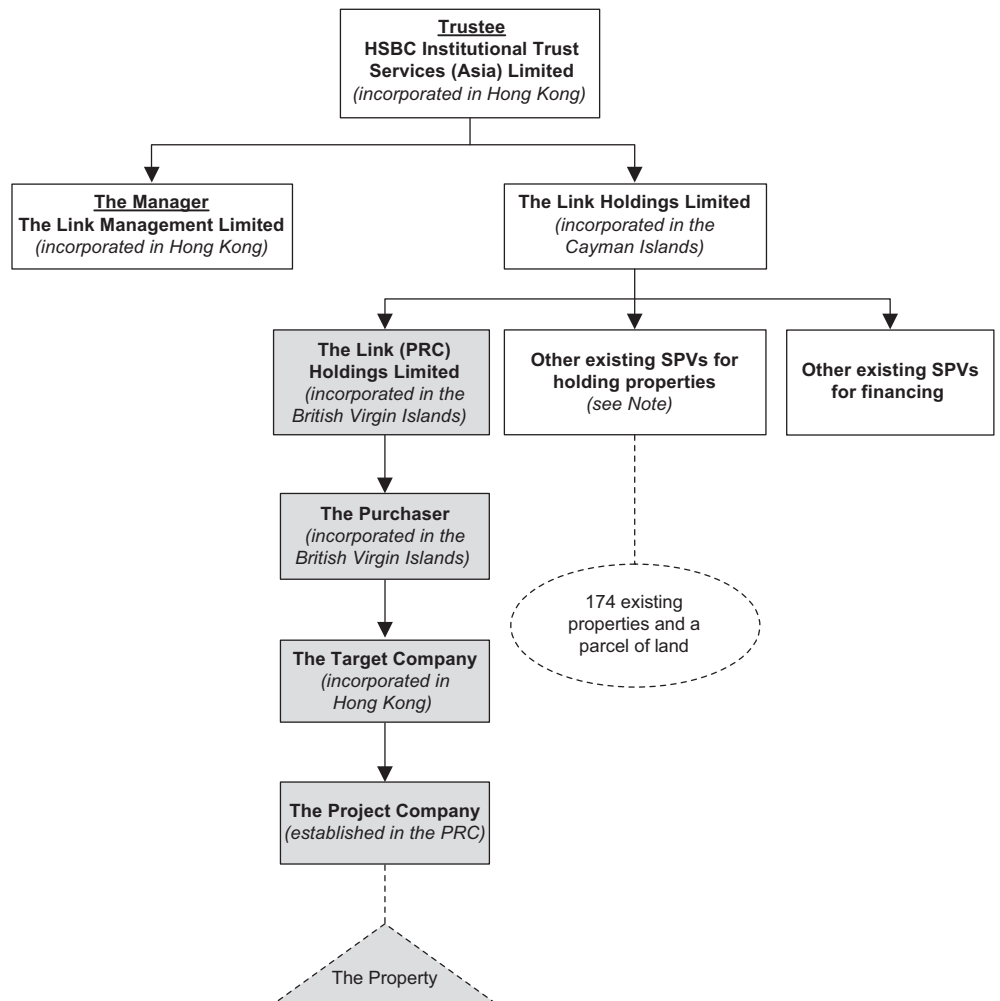
- (i) Nordevo Investments Limited as the Seller; and
- (ii) Captain Smart Investments Limited, a company incorporated in the British Virgin Islands and a Special Purpose Vehicle wholly owned by The Link, as the Purchaser.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Seller and its ultimate beneficial owners is an Independent Third Party.

Subject of the Acquisition: Pursuant to the SPA, the Seller shall sell the Shares (being the entire issued share capital of the Target Company) and the Shareholder Loan (being the entire loan outstanding and owing by the Target Company to the Seller) to the Purchaser, free from encumbrances and together with all rights attaching to them at Completion (including the right to receive all dividends and distributions with respect to the Shares at Completion).

The Target Company has no business other than its holding of the entire registered capital of the Project Company which is the sole owner of the Property. The Project Company has no business other than its ownership, leasing and property management operations of the Property. On and subject to Completion in accordance with the terms of the SPA, the Property will be solely owned by The Link through the Purchaser.

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



Note:

The Link, through The Link Properties Limited and other wholly-owned SPVs, owns full legal title of 174 properties in Hong Kong. The Link also owns, through other SPVs, a 60% interest in a parcel of land in Kowloon, Hong Kong, details of which were set out in the announcement of The Link dated 27 January 2015.

Deposit:

A deposit in the amount of approximately US\$41 million (the **Deposit**) has been paid in cash by the Purchaser and is held by the Escrow Agent. The Deposit will be released to the Seller on Completion or if Completion does not take place for any reason due to the default of the Purchaser, or refunded to the Purchaser if Completion does not take place due to the default of the Seller, in accordance with the terms of the SPA and an escrow agreement between the Purchaser, the Seller and the Escrow Agent.

Consideration and payments: The Consideration for the Shares and the Shareholder Loan is approximately US\$303 million (before and subject to adjustment as described below).

The Consideration was arrived at after commercial negotiation on an arm's length basis, taking into account of factors including the quality of the Property and its rental income, the Appraised Value of RMB2,460 million as set out in the Valuation Report (equivalent to approximately US\$401 million) and the Net Debt of the Target Group as at the Cut-Off Date (being approximately US\$105 million, including the principal amount outstanding under the bank loan secured by the Mortgage). Based on the information provided by the Seller, as at the Cut-Off Date, the principal amount outstanding under such bank loan was approximately RMB641 million (equivalent to approximately US\$104 million).

As at the date of this announcement, the Purchaser has paid the Deposit to the Escrow Agent, which will be released to the Seller pending and subject to Completion as mentioned above. The balance of the Consideration will be paid by the Purchaser to the Seller on Completion in accordance with the terms of the SPA and subject to adjustment and deductions as described below. The Consideration will be adjusted by reference to the amount of the Net Debt of the Target Group as at the Final Cut-Off Date (being the date immediately prior to the date of Completion) in accordance with the terms of the SPA. If the Net Debt of the Target Group as at the Final Cut-Off Date exceeds the Net Debt of the Target Group as at the Cut-Off Date (being approximately US\$105 million), the Consideration will be reduced by such excess. If the Net Debt of the Target Group as at the Final Cut-Off Date falls short of the Net Debt of the Target Group as at the Cut-Off Date (being approximately US\$105 million), the Consideration will be increased by such shortfall.

The Net Debt of the Target Group as at the Final Cut-Off Date will be set out in the Completion Statement, which shall be reviewed by the Independent Accountant, in accordance with the terms of the SPA. Under the SPA, the Completion Statement shall be prepared on a combined basis in accordance with (i) HKFRS in the case of the Target Company and (ii) PRC GAAP in the case of the Project Company. The Net Debt of the Target Group (a) takes into account all assets and liabilities of the Target Group, committed maintenance expenditures in relation to the Property and the agreed costs of termination of the existing employees of the Project Company, but (b) does not take into account of the Shareholder Loan, the agreed value of the Property and fixtures at the Property and deferred tax assets or liabilities (if any). The Manager does not expect the effect of the exclusion of deferred tax assets or liabilities (if any) from the Net Debt to be material to The Link.

At Completion, the Purchaser will pay to the Seller in cash the Consideration (before adjustment) less the aggregate of (a) approximately US\$41 million, being the amount of the Deposit which will be released from the escrow account to the Seller; (b) approximately US\$0.3 million, being half of the estimated amount of the stamp duty in respect of the transfer of the Shares, which is agreed to be payable by the Seller pursuant to the SPA; and (c) approximately US\$18 million, being the estimated amount of the enterprise income tax payable by the Seller under and pursuant to Circular 7 in relation to the SPA and the transactions contemplated thereunder.

If the estimated amount referred to in (b) above exceeds one half of the total stamp duty adjudged payable by the stamp office of Hong Kong, the Purchaser shall pay the excess to the Seller after such adjudication. If the estimated amount referred to in (b) above falls short of one half of the total stamp duty adjudged payable by the stamp office of Hong Kong, the Seller shall pay the shortfall to the Purchaser after such adjudication.

If the estimated amount referred to in (c) above exceeds the amount of taxes (the **Tax Amount**) payable by the Seller under and pursuant to Circular 7 in relation to the SPA and the transactions contemplated thereunder, the Purchaser shall pay such excess to the Seller after the Purchaser's receipt of the tax notice issued by the relevant PRC tax authorities in respect of the Tax Amount (the **Tax Invoice**). If the estimated amount referred to in (c) above falls short of the Tax Amount, the Seller shall pay such shortfall to the Purchaser after the Purchaser's receipt of the Tax Invoice. The Seller will indemnify the Purchaser against liabilities for the Seller's breach of its obligations under the SPA to pay taxes under Circular 7.

The aggregate of (i) the Consideration (before adjustment as described above) and (ii) the Net Debt of the Target Group (including the principal amount outstanding under the bank loan secured by the Mortgage) as at the Cut-Off Date represents the value of the Property as agreed between the Seller and the Purchaser (being RMB2.5 billion (equivalent to approximately US\$408 million)) for the purposes of the Acquisition. The agreed value of the Property represents a premium of approximately 1.63% over the Appraised Value.

Guarantee: Each of InfraRed NF China Investors Limited (acting in its capacity as the general partner of InfraRed NF) and Metro Holdings Limited has given the Purchaser a several guarantee of 50% of the Seller's obligations under the Seller's warranties and indemnity in the SPA.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Seller's Guarantors and their respective ultimate beneficial owners is an Independent Third Party.

Completion: Under the SPA, Completion is scheduled to take place on 1 April 2015. There is no condition precedent under the SPA.

Other terms: The SPA contains an indemnity, warranties and undertakings given by the Seller in customary terms for transactions of this nature and scale.

SECTION C. THE PROPERTY

General description: The Property is an upper mid-market shopping mall (with car parks at basement levels), known as the EC Mall (歐美匯), located at Jia No. 1, Danling Street, Haidian District of Beijing, the PRC. According to the real estate ownership certificates of the Property, the Property has a total GFA of 70,945.69 square metres. The Property comprises seven floors of commercial property and bicycle parking space (basement level one to the sixth floor) with an aggregate GFA of 55,422.95 square metres and two underground floors (basement level two and three) with 251 car parking spaces with an aggregate GFA of 15,522.74 square metres.

Tenancies: Based on the information provided by the Seller, as at 28 February 2015, there were around 94 tenancies and 41 licences at the Property, representing 99.0% of the total leaseable area of the Property.

Based on the information provided by the Seller, the existing leases of the Property, which will expire in 2015, 2016 and 2017, represent 12%, 21% and 18%, respectively, of the total leaseable area of the Property.

Based on the information provided by the Seller, the rental and other income (including management fees) of the Property for the month of February 2015 was approximately RMB13.1 million.

At present, the tenants of the Property comprise a dynamic mix of retailers including fast-fashion, food and beverages, lifestyle/health and beauty, education and sports-wear. Rental income attributable to international-branded retailers accounts for a significant portion of the rental income of the Property.

Ownership of the Property: The Property is held by the Project Company under a land use right certificate and a number of real estate ownership certificates.

The land use rights of the Property are held by the Project Company and their term will expire in 2051 (with a remaining term of about 36 years). The real estate ownership rights of the Property are also held by the Project Company. If the land use rights of the Property are not extended after expiry in 2051, the Project Company will have no further land use rights upon expiry of the current term of the land use rights. If the term of the land use rights of the Property is extended, land premium or other consideration may be payable by the Project Company for such extension, the amount of which cannot be ascertained at this stage. Upon expiry of the current term of the land use rights of the Property, the Project Company may or may not apply for a renewal of the term. In assessing the Appraised Value of the Property, the Independent Property Valuer has not assigned any value to any extension of the term of the land use rights.

The Manager is satisfied that, after Completion, it will have full operational control over the management of the Property.

Mortgage on the Property: The Property is mortgaged as security for a bank loan of RMB800 million made available to the Project Company. Based on the information provided by the Seller, the principal amount outstanding under such loan was approximately RMB641 million (equivalent to approximately US\$104 million) as at the Cut-Off Date. Such outstanding principal amount has been taken into account in arriving at the Consideration as disclosed above. Based on the information provided by the Seller, the amount outstanding under such loan is approximately RMB623 million (equivalent to approximately US\$102 million) as at the date of this announcement.

Valuation of the Property: As at 20 March 2015, the Property, based on its then existing use, had an Appraised Value of RMB2,460 million (equivalent to approximately US\$401 million) according to the Valuation Report by the Independent Property Valuer.

SECTION D. FEES AND EXPENDITURE

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 (with the meaning ascribed to this term in the Trust Deed) applicable to The Link's real estate situated, respectively, in and outside Hong Kong.

No agency fee is payable in connection with the Acquisition.

Given the Property was completed in 2009, the Manager currently has no plan to renovate, improve or redevelop the Property. Further, based on the information from the Seller and the due diligence survey on the condition of the Property carried out by building consultants appointed by the Manager, other than normal and recurring maintenance in relation to the Property, the Manager does not expect any significant capital expenditure on the Property in the immediate future.

SECTION E. FINANCIAL INFORMATION OF THE TARGET GROUP

Based on the information provided by the Seller, the Target Group has not prepared any audited consolidated financial statements.

Based on the information provided by the Seller, the financial information of the Target Company has been prepared in accordance with the HKFRS, and the financial information of the Project Company has been prepared in accordance with the PRC GAAP.

The following figures are extracted from the unaudited management accounts for the year ended 31 December 2014 and the audited financial statements for the year ended 31 December 2013 of the Target Company and the Project Company provided by the Seller:

	Target Company		Project Company	
	Year ended 31 December 2014 (Unaudited) US\$'000	Year ended 31 December 2013 (Audited) US\$'000	Year ended 31 December 2014 (Unaudited) RMB'000	Year ended 31 December 2013 (Audited) RMB'000
(1) Revenue	–	–	137,257	105,313
(2) Net profit/(loss) before tax	(9,424)	(7,759)	13,912	(10,130)
(3) Net profit/(loss) after tax	<u>(9,424)</u>	<u>(7,759)</u>	<u>13,912</u>	<u>(10,130)</u>

	Target Company		Project Company	
	As at 31 December 2014 (Unaudited) US\$'000	As at 31 December 2013 (Audited) US\$'000	As at 31 December 2014 (Unaudited) RMB'000	As at 31 December 2013 (Audited) RMB'000
(4) Net assets/(liabilities)	<u>(23,076)</u>	<u>(13,652)</u>	<u>384,075</u>	<u>370,163</u>

SECTION F. FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The Consideration, together with the Expenses of approximately HK\$7.5 million, will all be funded from The Link's own cash resources and/or existing debt facilities. The Acquisition is not expected to have any material adverse impact on the financial position of The Link as compared to that as at 30 September 2014 (as disclosed in the 2014/2015 Interim Report).

Upon Completion, based on the consolidated financial position of The Link as at 30 September 2014 as disclosed in the 2014/2015 Interim Report, the pro-forma adjusted ratio of debt to total assets of The Link is anticipated to change from approximately 11.0% to approximately 15.3% on the basis of (i) a draw-down of HK\$2,348 million on The Link's existing debt facilities, (ii) adjustments to include the agreed value of the Property of RMB2.5 billion (equivalent to approximately US\$408 million) and the principal amount outstanding under the existing bank loan secured by the Mortgage of RMB641 million (equivalent to approximately US\$104 million) as at the Cut-Off Date as if the Acquisition took place on 30 September 2014, and (iii) after adjusting for the impact of the interim distribution paid by The Link on 9 December 2014, the disposal of five properties by The Link as announced and completed, respectively, on 29 September 2014 and 1 December 2014, and the acquisition of a piece of land in Kowloon, Hong Kong by The Link through a joint venture as announced on 27 January 2015.

SECTION G. REASONS FOR THE ACQUISITION

As set out in the circular of The Link dated 22 December 2014, the investment policy of The Link is to invest in real estate for the long term, focusing on sustainable income producing properties with the potential for long term income and capital growth and maintaining a large and diversified portfolio of real estate (other than residential and serviced apartments or hotels) in Hong Kong and/or other overseas jurisdictions including property development projects that contain retail and/or commercial portions.

The Manager has been focusing on tier-one cities in the PRC, namely Beijing, Shanghai, Guangzhou and Shenzhen, in the search for investment opportunities given that their retail markets are more mature, the disposable income has been rising, and the inter- as well as intra-city communication and infrastructure and town planning are well-developed.

Despite the fact that the agreed value of the Property represents a premium over the Appraised Value, the Manager considers that the Acquisition is a good investment opportunity. The agreed value of the Property was agreed between the Seller and the Purchaser after arm's length commercial negotiation having taken into account the quality of the Property and prevailing market conditions. The Manager also believes The Link will benefit from the anticipated growth in rental and value of the Property which will be held as a long-term investment by The Link. The Acquisition is consistent with the investment policy of The Link and the Manager's objective of growing returns for the Unitholders. The pursuit of a yield-accretive strategy through adding quality income-producing properties with capital appreciation potential to The Link is a step up from the Manager's organic growth through on-going asset enhancement initiatives.

The Manager does not expect the Acquisition to result in a material change to the overall risk profile of The Link. For further details of risks in relation to investments in the property market of the PRC, please refer to pages 27 to 29 and Appendix II to the circular of The Link dated 17 January 2014.

- *Good location within the city of Beijing*

The Property is located at Zhongguancun, Haidian District, Beijing. Zhongguancun is the home to leading universities and higher education institutions of the PRC. Zhongguancun (widely known as the "Silicon Valley of China") houses a large number of high-tech enterprises and many multi-national corporations have also established offices in Zhongguancun. Haidian District is the second largest urban district of Beijing by population, with a total population of approximately 3.6 million as of 2013. The Property is strategically located at Haidian Huangzhuang Metro Station which is the interchange station of Metro Line 4 and 10.

- *A mature mall with proven performance and promising outlook*

EC Mall (歐美匯) (which is the Property) was completed and opened for business in 2009. Based on the information provided by the Seller, the occupancy rate of the Property was approximately 99.0% with 94 tenancies as at 28 February 2015.

At present, the tenants of the Property comprise a dynamic mix of retailers including fast-fashion, food and beverages, lifestyle/health and beauty, education and sports-wear. The Property is well positioned to capture the rising disposable income of the district which is characterised by young professional and middle class population. Rental income attributable to international-branded retailers accounts for a significant portion of the rental income of the Property.

The residents of the Haidian District have the highest per capita disposable income in Beijing and consumer retail sales in the Haidian District were the second highest among the Beijing districts. The Property is well positioned to capitalise on the growing spending power of the local residents of Zhongguancun and the Haidian District.

- Stable income

A significant portion of the rental income from the Property is base rent, which is fixed and not variable.

Based on the information provided by the Seller, the existing leases of the Property which will expire in 2015, 2016 and 2017 represent 12%, 21% and 18%, respectively, of the total leaseable area of the Property. Lease expiry profile allows for steady rental reversion. With evenly-spread lease maturity, there is potential for phased re-positioning of the Property and tenants re-mixing for higher-end retail trades and services.

- Established asset management team

The Project Company has already had a team which has over 4 years of experience of working together to manage the leasing and car-park operations of the Property. Certain core members of this team may continue to provide services to the Property after Completion as Core Function Employees (as defined below).

Facilities and property management functions relating to the Property are currently outsourced and are intended to continue to be outsourced to Synergis. Synergis is a property management company being licensed and having experience in providing property management services to properties in the PRC. Synergis is a wholly-owned subsidiary of Synergis Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2340). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Synergis and its ultimate beneficial owner(s) is an Independent Third Party.

SECTION H. INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong and owns the entire registered capital of the Project Company.

The Project Company was established as a limited liability company in the PRC on 24 April 2007 and is the sole owner of the Property. The current term of operation of the Project Company is from 24 April 2007 to 23 April 2037. The PRC legal adviser to the Manager, Jun He Law Offices, is of the view that there are no legal impediments to the renewal of the term of operation of the Project Company since such renewal will primarily involve formality and procedural requirements. The PRC legal adviser to the Manager has further confirmed that there are no legal impediments to the remittance of dividends on any retained earnings of the Project Company out of the PRC to the Target Company (as the sole shareholder of the Project Company) provided that such remittance is made in accordance with the relevant PRC foreign investment and foreign exchange laws and regulations.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends paid by foreign investment enterprises established in the PRC to their foreign investors. Dividends paid by the Project Company to the Target Company are subject to such 10% withholding tax. Subject to approval by the relevant tax authorities, the Target Company may be eligible for a preferential withholding tax rate (currently at 5%) in respect of dividends paid by the Project Company.

SECTION I. OPINION OF THE BOARD

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

SECTION J. CONFIRMATION BY THE MANAGER

The Manager has conducted due diligence on the Target Group as well as the Property in accordance with the relevant provisions of the REIT Code, the Practice Note on Overseas Investments by SFC-authorized REITs contained in the REIT Code and the Manager's compliance manual. No material irregularity or non-compliance issues are identified during due diligence and the Manager is satisfied with the due diligence results.

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 PRC legal adviser to the Manager, Jun He Law Offices, has advised the Manager that the Project Company legally holds the land use rights and ownership rights of the Property and can legally occupy, use, lease and transfer the Property.

Based on the advice of its PRC legal adviser, the Manager is of the view that The Link (through the Purchaser and the Project Company) will have a good marketable legal and beneficial title to the Property (subject only to the Mortgage and existing tenancies and licences of the Property) subject to and immediately after Completion.

SECTION K. OPINION OF THE TRUSTEE

Based on and in sole reliance on the opinion of the Board and the information and confirmation provided by the Manager (and having taken into account its duties under the Trust Deed and the REIT Code), the Trustee has no objection to the Acquisition and the Purchaser entering into the SPA and the transactions contemplated thereunder. Further, the Trustee is satisfied that: (i) the Acquisition is consistent with The 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 the Purchaser to enter into the SPA and the transactions contemplated thereunder.

SECTION L. REGULATORY IMPLICATIONS

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code. The aggregate of the Consideration (being approximately US\$303 million, before and subject to adjustment as described above), the Net Debt of the Target Group (including the principal amount outstanding under the bank loan secured by the Mortgage which was approximately RMB641 million (equivalent to approximately US\$104 million)) as at the Cut-Off Date and the Expenses payable in connection with the Acquisition (1) represents approximately 2.91% of the total market capitalisation of The Link (based on the average closing price of the Units on the Stock Exchange for the five business days immediately preceding the date of this announcement); (2) represents approximately 2.37% of the total assets of The Link as at 30 September 2014 (as disclosed in the 2014/2015 Interim Report) after adjusting for the impact of the interim distribution paid by The Link on 9 December 2014, the disposal of five properties by The Link as announced and completed, respectively, on 29 September 2014 and 1 December 2014, and the acquisition of a piece of land in Kowloon, Hong Kong by The Link through a joint venture as announced on 27 January 2015; and (3) is less than 15% of the gross asset value of The Link as at 30 September 2014 (as disclosed in the 2014/2015 Interim Report).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Seller, the Seller's Guarantors and their respective ultimate beneficial owners is an Independent Third Party. Accordingly, the Acquisition does not constitute a connected party transaction of The Link under the REIT Code.

Waiver from strict compliance with 7.5(c) of the REIT Code

Under 7.5(c) of the REIT Code, a REIT may hold real estate through special purpose vehicles provided that, among other things, the special purpose vehicles are established for the sole purpose of directly holding real estate for the REIT and/or arranging financing for the REIT or formed solely for the purpose of holding interests in one or more special purpose vehicles.

The Manager has applied to the SFC for a waiver from strict compliance with 7.5(c) of the REIT Code such that (a) the Target Company will be permitted to engage not more than 5 employees (the **Target Company Employees**) to provide certain services in respect of its investment in the Project Company, (b) the Project Company will be permitted to directly employ (or continue to employ) not more than 15 employees for the Core Functions (as defined below) (the **Core Function Employees**), and (c) the Project Company will also be permitted to continue to directly employ not more than 65 existing employees until it is lawful and reasonably practicable for the Project Company to terminate their respective employment contracts.

(a) Target Company Employees

After Completion, the Target Company intends to engage not more than 5 Target Company Employees to provide certain services such as marketing, promotion, human resources, accounting and treasury services in respect of its investment in the Project Company. The Target Company will not engage in any activities or businesses unrelated to its investment in the Property.

The proposed employment arrangements of the Target Company Employees will be in the interest of The Link for the following reasons:

- (i) Subject to approval by the relevant tax authorities, the Target Company will be eligible for a preferential withholding tax rate (currently, 5% as opposed to the standard withholding tax rate of 10%) in respect of dividends paid by the Project Company, the absence of which will reduce the Total Distributable Income (as defined in the Trust Deed) of The Link, which will not be in the interest of The Link nor the Unitholders as a whole.
- (ii) If a Target Company Employee were to be engaged by a third party, the cost of the employment would still be expected to be borne by The Link. Additional costs and other potential liabilities may also arise as a result of the involvement of a third party employer. The proposed direct employment arrangement described above is not expected to result in any greater material adverse financial liability to The Link than an arrangement involving a third party employer.
- (iii) The activities of the Target Company will support the functions of the Project Company and will be for the sole benefit of the Project Company and (following Completion) The Link. The Target Company will not engage in any other activities or businesses unrelated to its investment in the Property.

(b) Core Function Employees of the Project Company

Certain obligations and functions of the Project Company (the **Core Functions**) are required by PRC laws and regulations to be performed by the Project Company and include:

- (i) legal and regulatory functions (for example, government authority liaison, obtaining government approvals, handling and responding to government enquiries, regulatory compliance, executing legal documents and bringing or defending legal proceedings or other proceedings, obtaining and liaising with government authorities to maintain the operational licences of the Project Company); and
- (ii) certain commercial functions, for example: (i) monitoring and controlling the various property management services to the Property (such as repairs and maintenance, cleaning, security, and car-park operations) which the Project Company will continue to outsource to Synergis, and (ii) office administrative services, lease and tenant services in respect of the Property and liaison with bank such as handling the bank accounts of the Project Company and remitting dividends to the shareholder of the Project Company (being the Target Company).

The functions of the Core Function Employees will be limited to the Core Functions. The Core Function Employees may be new employees or existing employees of the Project Company. Please see paragraph (c) below for the arrangements relating to the existing employees of the Project Company.

The proposed employment arrangements of the Core Function Employees will be in the interest of The Link for the following reasons:

- (i) There is a legal and practical necessity for the Project Company to have a limited number of senior managers to perform the Core Functions and to supervise and monitor the performance of various operational activities and to enter into ancillary contracts on behalf of the Project Company with third parties whereby the Project Company is required to become a direct contracting party.
- (ii) The Manager does not expect such employment arrangements to cause material liabilities or losses to The Link as an internally-managed REIT. The number of Core Function Employees is expected to be not more than 15. The aggregate annual costs of employment of the Core Function Employees are expected to be approximately 0.09% of the total revenue of The Link for the year ended 31 March 2014. The Manager considers that the expected costs of employment of the Core Function Employees will not represent any significant liability or loss to The Link.
- (iii) The fact that Synergis will continue to be engaged to provide property and facility management services to the Project Company will not relieve the Project Company from its obligations to perform the Core Functions.
- (iv) If a Core Function Employee were to be employed by a third party, the cost of the employment would still be expected to be borne by The Link. Additional costs and other potential liabilities may also arise as a result of the involvement of a third party employer. The proposed direct employment arrangements described above are not expected to result in any greater material adverse financial liability to The Link than an arrangement involving a third party employer.
- (v) If the Project Company employs the Core Function Employees instead of appointing another service provider company to perform the Core Functions, in the event that the appointment of any such service provider is discontinued for any reason, the Project Company will still have staff to perform the Core Functions, which will reduce the disruption to the day-to-day management of the Project Company and the Property.

(c) Existing employees of the Project Company

Based on the information provided by the Seller, the Project Company currently has 65 existing employees. Pursuant to the SPA, the Seller is expected to deliver to the Purchaser at Completion confirmations by the existing employees of the Project Company of the termination of their respective employment contracts with effect from Completion (to the extent that it is permissible under PRC law to seek such confirmations). Those confirmations will also contain these existing employees' confirmation of their receipt of the severance payments made by the Project Company and their waiver of claims against the Project Company with respect to matters prior to the termination of their respective employment contracts. If the confirmations contemplated above are not allowed under PRC law to be sought or are otherwise not obtained from any of the existing employees of the Project Company, then under the SPA, for the purposes of the Completion

Statement, an amount (the **Employment Provision**) agreed between the Purchaser and the Seller for the costs of termination of the employment contract of that existing employee will be treated as if such amount had been paid by the Project Company at or before Completion. The Employment Provision for each employee is an agreed amount arrived at after commercial negotiation on an arm's length basis between the Seller and the Purchaser. The Manager is satisfied that the Employment Provision for each employee is a sufficient amount to cover the full costs of termination of the employment contract of that particular employee which he or she is entitled to under the applicable PRC labour law.

The Manager will, after Completion, procure that the Project Company uses its best efforts to terminate the employment contracts of all of its existing employees (other than those who may be employed as the Core Function Employees) as soon as reasonably practicable to the extent it is permissible to do so under PRC law.

The proposed employment arrangements of the existing employees of the Project Company will be in the interest of The Link for the following reasons:

- (i) The Seller is expected to deliver to the Purchaser at Completion the confirmations contemplated above to the extent that it is permissible under PRC law to seek such confirmations. The proposed arrangements in respect of the existing employees of the Project Company will allow the Project Company to comply with PRC law.
- (ii) The Manager will, after Completion, procure that the Project Company uses its best efforts to terminate the employment contracts of its existing employees (other than those who may be employed as the Core Function Employees) as soon as reasonably practicable to the extent it is permissible to do so under PRC law. It is therefore expected that the number of the existing employees remaining in direct employment by the Project Company will decrease with the passage of time after Completion.
- (iii) The Employment Provision for each employee is an agreed amount arrived at after commercial negotiation on an arm's length basis between the Seller and the Purchaser. The Manager is satisfied that the Employment Provision for each employee is a sufficient amount to cover the full costs of termination of the employment contract of that particular employee which he or she is entitled to under the applicable PRC labour law.
- (iv) The Manager does not expect such employment arrangements to cause material liabilities or losses to The Link as an internally-managed REIT. Based on the information provided by the Seller, the costs of employment of the existing employees of the Project Company for the year ended 31 December 2014 represented approximately 6.208% of the total revenue of the Project Company for the same period, and represented approximately 0.149% of the total revenue of The Link for the year ended 31 March 2014. The costs of employment of the existing employees of the Project Company are therefore not expected to be material to The Link.

For the reasons stated above, the Manager does not expect the proposed arrangements for the Target Company Employees, the Core Function Employees and the existing employees of the Project Company to result in any significant liability or loss to The Link.

Submission with regard to 7.5(d) of the REIT Code

The Manager has made a submission in respect of 7.5(d) of the REIT Code (regarding the use of more than two layers of SPVs) to hold the Property through intermediate holding companies for the purpose of organising The Link's non-Hong Kong investments, subject to Completion and the condition that there will be no change to the maximum number of five layers of SPVs used by The Link for holding the Property without further approval of the SFC.

Further Announcements

The Manager will make further announcements (i) on Completion of the Acquisition, and (ii) when the Consideration is adjusted and finally determined according to the Completion Statement.

SECTION M. GENERAL

About the Purchaser and The Link

The Purchaser is a newly set-up Special Purpose Vehicle directly and wholly owned by The Link (PRC) Holdings Limited and indirectly wholly owned by The Link. It will be used solely for the purpose of holding the Property upon Completion. Save as aforesaid, the Purchaser currently has no other business activity. The Link (PRC) Holdings Limited, a company incorporated in the British Virgin Islands, is also a newly set-up Special Purpose Vehicle indirectly wholly owned by The Link and is used for investment holding. As at the date of this announcement, The Link (PRC) Holdings Limited only holds the entire issued capital of the Purchaser.

The Link is a collective investment scheme authorised by the SFC and the Units are listed on the Main Board of the Stock Exchange (stock code: 823). HSBC Institutional Trust Services (Asia) Limited is the Trustee of The Link.

The Link, managed by the Manager, currently has a portfolio consisting of properties with an internal floor area of approximately 10.7 million square feet of retail space and approximately 76,000 car parking spaces in Hong Kong.

About the Seller and the Seller's Guarantors

According to the information provided by the Seller, the Seller is a company incorporated in the British Virgin Islands and owned by InfraRed NF and Crown Investments Ltd. on a 50:50 basis. Crown Investments Ltd. is an indirect wholly-owned subsidiary of Metro Holdings Limited. The Seller, which has entered into the SPA with the Purchaser, has given warranties and undertakings to the Purchaser under the SPA.

According to the information provided by the Seller in relation to the Seller's Guarantors:

- (i) InfraRed NF China Investors Limited is the general partner of InfraRed NF, a fund managed by InfraRed Capital Partners in joint venture with the Nan Fung Group. InfraRed Capital Partners is a global investment manager focused on infrastructure and real estate. Nan Fung Group is a privately owned group of companies and business interests engaged principally in the business of property development, property investment, construction, property management, investment and financing.
- (ii) Metro Holdings Limited is a company incorporated in Singapore whose shares are listed on the Singapore Exchange Securities Trading Limited. The principal activities of Metro Holdings Limited and its group are those of management and holding companies, retailers and department store operators, property investment and developers.

SECTION N. DEFINITIONS

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

<i>2014/2015 Interim Report</i>	the interim report of The Link for the six months ended 30 September 2014
<i>Acquisition</i>	the acquisition of the Shares and the Shareholder Loan by the Purchaser pursuant to the terms of the SPA
<i>Appraised Value</i>	RMB2,460 million (equivalent to approximately US\$401 million), being the appraised value of the Property as at 20 March 2015 according to the Valuation Report
<i>Board</i>	the board of Directors
<i>Circular 7</i>	the Announcement of the State Administration of Taxation of the PRC on Issues Concerning Enterprise Income Tax on Indirect Transfer of Assets by Non-Tax Resident Enterprises and applicable PRC laws, regulations, rules and circulars in force from time to time that operate to amend, supplement and/or implement the aforesaid regulation or any part thereof
<i>Completion</i>	completion of the Acquisition pursuant to the terms of the SPA, which is scheduled to take place on 1 April 2015
<i>Completion Statement</i>	combined financial statements of the Target Group as at the Final Cut-Off Date to be prepared in accordance with the terms of the SPA for ascertaining the adjustment (if any) to the Consideration

<i>Consideration</i>	the total purchase price payable by the Purchaser to the Seller for the Shares and the Shareholder Loan pursuant to the SPA
<i>Cut-Off Date</i>	31 December 2014
<i>Deposit</i>	a deposit in the amount of approximately US\$41 million paid by the Purchaser in cash as further described in “SECTION B. KEY TERMS OF THE SPA – Deposit” of this announcement
<i>Directors</i>	the directors of the Manager
<i>Escrow Agent</i>	Mayer Brown JSM, Hong Kong office, the escrow agent in an escrow agreement between the Purchaser, the Seller and itself in relation to the Deposit
<i>Expenses</i>	expenses in an aggregate amount of approximately HK\$7.5 million payable by the Purchaser mainly for stamp duty and professional services in connection with the Acquisition
<i>Final Cut-Off Date</i>	the date immediately prior to the date of Completion, which is expected to be 31 March 2015
<i>GFA</i>	gross floor area
<i>HK\$</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>HKFRS</i>	Hong Kong Financial Reporting Standards
<i>Hong Kong</i>	the Hong Kong Special Administrative Region of The People’s Republic of China
<i>Independent Accountant</i>	KPMG, or any other big four accountancy firms mutually agreed between the Purchaser and the Seller, as the independent accountant agreed between the Purchaser and the Seller for the review of the Completion Statement
<i>Independent Property Valuer</i>	CBRE Limited, the current Principal Valuer (as defined in the REIT Code) of The Link and an independent property valuer (within the meaning of Chapter 6 of the REIT Code) appointed for valuing the Property for the purpose of the Acquisition
<i>Independent Third Party</i>	an independent third party who is not a connected person (within the meaning of Chapter 8 of the REIT Code) of The Link

<i>InfraRed NF</i>	InfraRed NF China Real Estate Fund, L.P., further description of which appears in “SECTION M. GENERAL – About the Seller and the Seller’s Guarantors” of this announcement
<i>Manager</i>	The Link Management Limited, which is the manager of The Link
<i>Mortgage</i>	the mortgage over the Property as security for a bank loan made available to the Project Company, further description of which appears in “SECTION C. THE PROPERTY – Mortgage on the Property” of this announcement
<i>Net Debt</i>	the net debt of the Target Group ((a) taking into account all assets and liabilities of the Target Group, committed maintenance expenditures in relation to the Property and the agreed costs of termination of existing employees of the Project Company but (b) taking no account of (i) the Shareholder Loan, (ii) the agreed value of the Property and fixtures at the Property, and (iii) deferred tax assets or liabilities (if any)) as at the Cut-Off Date or the Final Cut-Off Date (as the case may be) as ascertained in accordance with the SPA
<i>PRC</i>	The People’s Republic of China
<i>PRC GAAP</i>	generally accepted accounting principles in the PRC
<i>Project Company</i>	益颯美置業(天津)有限公司 (ECM Property Holding (Tianjin) Co., Ltd.), a limited liability company established in the PRC and the sole owner of the Property
<i>Property</i>	the property, known as the EC Mall (歐美匯), located at Jia No. 1, Danling Street, Haidian District of Beijing, the PRC, particulars of which are set out in “SECTION C. THE PROPERTY” of this announcement
<i>Purchaser</i>	Captain Smart Investments Limited, a company incorporated in the British Virgin Islands and a Special Purpose Vehicle wholly owned by The Link
<i>REIT</i>	real estate investment trust
<i>REIT Code</i>	the Code on Real Estate Investment Trusts published, and as may be amended or supplemented from time to time, by the SFC
<i>RMB</i>	Renminbi, the lawful currency of the PRC

<i>Seller</i>	Nordevo Investments Limited, a company incorporated in the British Virgin Islands and indirectly owned by InfraRed NF and Crown Investments Ltd. on a 50:50 basis
<i>Seller’s Guarantors</i>	InfraRed NF China Investors Limited (acting in its capacity as the general partner of InfraRed NF) and Metro Holdings Limited, as several guarantors of the Seller’s warranties and indemnity in the SPA. Further description of the Seller’s Guarantors appears in “SECTION M. GENERAL – About the Seller and the Seller’s Guarantors” of this announcement
<i>SFC</i>	the Securities and Futures Commission of Hong Kong
<i>Shareholder Loan</i>	the entire loan outstanding and owing by the Target Company to the Seller on Completion, which the Seller (as creditor) will transfer to the Purchaser pursuant to the SPA
<i>Shares</i>	5,000 shares in the capital of the Target Company, being its entire issued share capital
<i>SPA</i>	the sale and purchase agreement dated 24 March 2015 entered into between the Seller and the Purchaser in respect of the Acquisition. Further description of the SPA appears in “SECTION B. KEY TERMS OF THE SPA” of this announcement
<i>Special Purpose Vehicle</i> or <i>SPV</i>	a special purpose vehicle that is owned and controlled by The Link in accordance with the REIT Code and the Trust Deed
<i>Stock Exchange</i>	The Stock Exchange of Hong Kong Limited
<i>Synergis</i>	the Beijing branch of 新昌物業管理(深圳)有限公司(Synergis Property Management (Shenzhen) Co. Ltd.), a company established in the PRC
<i>Target Company</i>	China East Investment Limited, a company incorporated in Hong Kong, which owns the entire registered capital of the Project Company
<i>Target Group</i>	collectively, the Target Company and the Project Company
<i>Tax Amount</i>	has the meaning given to this term in “SECTION B. KEY TERMS OF THE SPA – Consideration and payments” of this announcement
<i>Tax Invoice</i>	has the meaning given to this term in “SECTION B. KEY TERMS OF THE SPA – Consideration and payments” of this announcement

<i>The Link</i>	The Link Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), whose Units are listed on the Main Board of the Stock Exchange (stock code: 823), and where the context requires, including the Special Purpose Vehicles and/or companies owned and/or controlled by it
<i>Trust Deed</i>	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting The Link, as amended and supplemented by eleven supplemental deeds dated 4 November 2005, 8 November 2005, 16 January 2006, 21 November 2006, 13 July 2007, 23 July 2007, 5 October 2009, 23 July 2010, 25 July 2012, 18 February 2014 and 15 January 2015, respectively
<i>Trustee</i>	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of The Link
<i>Unit(s)</i> and <i>Unitholder(s)</i>	unit(s) of The Link and holder(s) of the Unit(s), respectively
<i>US Dollar(s)</i> and <i>US\$</i>	US dollar, the lawful currency of the United States of America
<i>Valuation Report</i>	the valuation report on the Property dated 24 March 2015 by the Independent Property Valuer for the purpose of the Acquisition

Any reference in this announcement to the occupancy rate of the Property is to the occupancy rate of the Property as at 28 February 2015 on the basis of the rent roll as at that date in respect of fixed units of the Property (excluding kiosks) provided by the Seller. The US Dollar equivalent of any RMB amount disclosed in this announcement is arrived at using the agreed exchange rate of US\$1:RMB6.1342.

By order of the board of directors of
The Link Management Limited
(as manager of The Link Real Estate Investment Trust)
Ricky CHAN Ming Tak
Company Secretary

Hong Kong, 24 March 2015

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

Chairman (also an Independent Non-Executive Director)

Nicholas Robert SALLNOW-SMITH

Executive Directors

George Kwok Lung HONGCHOY (*Chief Executive Officer*)

Andy CHEUNG Lee Ming (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

William CHAN Chak Cheung

Anthony CHOW Wing Kin

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

David Charles WATT

Richard WONG Yue Chim

Elaine Carole YOUNG