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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)

REVIEW OF PORTFOLIO PROPERTIES

This announcement is made by Link Asset Management Limited (the *Manager*) – as manager of Link Real Estate Investment Trust (*Link*) pursuant to 10.3 of the Code on Real Estate Investment Trusts.

The Manager reviewed the portfolio properties of Link as at 31 December 2017 and the total value of Link's Investment Properties (as defined below) as at 31 December 2017 was HK\$198,925 Million.

A. INTRODUCTION

On 28 November 2017, the Manager announced the disposal of properties for an Aggregate Consideration of HK\$23,000,000,000 (the **Disposals Announcement**), which represents a premium of approximately 51.7% over the aggregate Appraised Value of the Properties and the Lions Rise Property (the **Disposed Properties**) as at 30 September 2017 and a premium of approximately 58.7% over their aggregate valuations as at 31 March 2017. Unless otherwise stated, capitalised terms used herein have the meanings ascribed to them in the Disposals Announcement.

Completion of the Disposals took place on 28 February 2018 as announced in another announcement of the same day as hereof. In view of the premium achieved on the Disposals, the Board carried out a review of the valuation of the properties of Link as at 31 December 2017.

B. THE 31 DECEMBER 2017 PORTFOLIO REVIEW

The Principal Valuer (being JONES LANG LASALLE LIMITED) reviewed the portfolio properties of Link as at 31 December 2017 (the **December Review**). The report by the Principal Valuer dated 28 February 2018 (the **Review Report**) included Link's properties but did not include the Disposed Properties (the **Investment Properties**). The Principal Valuer valued Link's completed investment properties as at 31 December 2017 using income capitalisation and discounted cash flow approaches, and cross-referenced with direct comparison approach. For the property under development, the residual method was used. For the property under renovation, the income capitalisation approach was used and cross-checked with the direct comparison approach.

According to the Review Report, the total value of the Investment Properties of Link as at 31 December 2017 was HK\$198,925 Million which represents an increase of 13.9% as compared with the valuation of HK\$174,653 Million of Link's portfolio properties as at 30 September 2017 (excluding, for the purposes of the comparison, the Disposed Properties). Key points of the Review Report are as follows:

	Properties Valuation as at 31 December 2017 (HK\$)	Properties Valuation as at 30 September 2017 (HK\$)	Increase in Percentage
• Retail properties in Hong Kong	139,930 Million	121,254 Million	15.4%
• Car-parking facilities in Hong Kong	33,637 Million	28,901 Million	16.4%
• Hong Kong property under development	7,929 Million	7,691 Million	3.1%
• Retail & office properties in Mainland China	17,429 Million	16,807 Million	3.7%

Income capitalisation approach – capitalisation rate

	As at 31 December 2017 (%)	As at 30 September 2017 (%)
• <u>Hong Kong</u>		
○ Retail properties: weighted average	3.98%	4.52%
○ Car parks: weighted average	4.14%	4.72%
○ Overall weighted average	4.01%	4.56%
• <u>Mainland China</u>		
○ Retail properties	4.50% – 4.75%	4.50% – 4.75%
○ Office properties	4.25%	4.25%

DCF approach – discount rate

• Hong Kong	7.50%	7.50%
• Mainland China		
○ Retail properties	7.25% – 7.75%	7.25% – 7.75%
○ Office properties	7.25%	7.25%

C. 10.3 OF THE CODE ON REAL ESTATE INVESTMENT TRUSTS

This announcement is made by the Manager, based on the available information contained in the Review Report which may constitute inside information, to enable the Unitholders to appraise the position of Link and to avoid the establishment of a false market in the interests of Link.

Investors and Unitholders should note that the property valuation of Link's portfolio, or any discount rate and/or capitalisation rate which might be used in Link's 2017/2018 annual valuation, may or may not be the same as those used in the Review Report. In addition, the December Review is not and will not form part of the 2017/2018 annual valuation of the portfolio properties of Link, nor shall the Review Report be taken to be the 2017/2018 annual valuation report by the Principal Valuer. The Manager will conduct a valuation of the portfolio properties of Link as at 31 March 2018, which will be included in the Annual Report 2017/2018 of Link, in accordance with the requirements of the REIT Code and the Trust Deed.

Accordingly, investors and Unitholders should exercise caution in dealing in the Units of Link.

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

Hong Kong, 28 February 2018

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*)

Andy CHEUNG Lee Ming (*Chief Operating Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Ed CHAN Yiu Cheong

Blair Chilton PICKERELL

Poh Lee TAN

May Siew Boi TAN

Peter TSE Pak Wing

Nancy TSE Sau Ling

David Charles WATT

Elaine Carole YOUNG