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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)

ANNOUNCEMENT CONTINUING CONNECTED PARTY TRANSACTIONS LEAD CONSULTANCY SERVICES CONTRACT

On 25 November 2022, the Manager and Aedas Limited entered into the Lead Consultancy Services Contract in relation to the provision of the Services for the development of the Project in respect of the Land.

As of the date of this announcement, Aedas Limited is indirectly owned as to 33.7% by Mr. GRIFFITHS, a Non-Executive Director of the Manager. Accordingly, Aedas Limited is an associate of Mr. GRIFFITHS and a connected person of Link pursuant to 8.1(f) of the REIT Code, and the transactions contemplated under the Lead Consultancy Services Contract constitute continuing connected party transactions of Link under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules.

In addition to the Lead Consultancy Services Contract, the Manager and Aedas Limited also entered into the Other Consultancy Services Contracts over the past 12 months. The Other Consultancy Services Contracts, whether alone or aggregated with each other, constituted *de minimis* transactions of Link pursuant to Rule 14A.76(1) of the Listing Rules. However, given the time proximity of these agreements with the Lead Consultancy Services Contract, the transactions thereunder are to be aggregated with those under the Lead Consultancy Services Contract pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap exceeds 0.1% but is less than 5%, the transactions contemplated under the Lead Consultancy Services Contract and the Other Consultancy Services Contracts are subject to the announcement, reporting and annual review requirements, but are exempt from the circular and Unitholders' approval requirements, under 8.7A of the REIT Code and Rule 14A.76(2) of the Listing Rules.

As the term of the Lead Consultancy Services Contract exceeds three years, the Manager has appointed Somerley as the independent financial adviser pursuant to Rule 14A.52 of the Listing Rules to explain why the Lead Consultancy Services Contract requires a term longer than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

This announcement is made pursuant to 10.5A of the REIT Code.

SECTION I. BACKGROUND

Reference is made to the announcement dated 31 August 2022 by the Manager regarding acceptance of the tender for the Land.

On 25 November 2022, the Manager and Aedas Limited entered into the Lead Consultancy Services Contract in relation to the provision of the Services for the development of the Project in respect of the Land.

In addition to the Lead Consultancy Services Contract, the Manager also entered into the Other Consultancy Services Contracts with Aedas Limited over the past 12 months. The total contract sum under the Other Consultancy Services Contracts is HK\$4,286,150. For further details regarding these contracts, please refer to the section headed “Connected Party Transactions” of Link’s annual report for the financial year ended 31 March 2022.

SECTION II. KEY TERMS OF THE LEAD CONSULTANCY SERVICES CONTRACT

- (A) Date: 25 November 2022
- (B) Parties: The Manager and Aedas Limited
- (C) Nature and Scope of the Services: As the lead consultant, Aedas Limited will manage a multi-disciplined consultant team and provide full development consultancy services for the Project in respect of the Land.
- (D) Term: The Lead Consultancy Services Contract will take effect from 25 November 2022 and shall continue until the settlement of the final account or the issuance of the final certificate, whichever is the later, for the Project.

Unless otherwise agreed by the Manager and Aedas Limited in writing, the Lead Consultancy Services Contract will be terminated if the applicable final account is not settled and the applicable final certificate is not issued by 31 March 2027.

(E) Pricing and Payment: The contract sum for the agreed Services for the Project is HK\$23,621,150.

(F) Early Termination: The Manager is entitled by notice in writing, without prejudice to the Manager's other rights of claims, to terminate the Lead Consultancy Services Contract (i) at any time with or without reason by 30 days' notice; or (ii) immediately in the event of any material breach by Aedas Limited of the terms of the Lead Consultancy Services Contract.

Aedas Limited is not entitled to any compensation upon such termination but shall be entitled to payment for the Services rendered and deemed accepted by the Manager.

Aedas Limited is entitled by notice in writing to suspend and/or terminate the Lead Consultancy Services Contract if the Manager is in material breach of the terms of the Lead Consultancy Services Contract and fails to remedy such breach (including failure to pay for due fees) within 90 days after receipt of Aedas Limited's notice of default.

(G) Limitation of Liability: Liabilities of Aedas Limited and its subcontractors to the Manager are limited to the total fees payable by the Manager to Aedas Limited in accordance with the terms and conditions of the Lead Consultancy Services Contract. Neither party can claim against the other for loss of profit, investment, time, business income, business opportunities or for any indirect or consequential loss or damage.

SECTION III. ANNUAL CAP

The Board estimates that the Annual Cap in respect of the Lead Consultancy Services Contract and the Other Consultancy Services Contracts for each of the following financial years/periods shall be:

Financial Year/Period	Annual Cap (HK\$)
25 November 2022 to 31 March 2023	3,382,903
1 April 2023 to 31 March 2024	12,875,250
1 April 2024 to 31 March 2025	3,951,488
1 April 2025 to 31 March 2026	4,724,230
1 April 2026 to 31 March 2027	2,362,115

In arriving at the Annual Cap, the Board has taken into account the contract sums under the Lead Consultancy Services Contract and the Other Consultancy Services Contracts, having regard to the historical transaction amounts between the Manager and Aedas Limited and the services expected to be required by the Manager.

SECTION IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE LEAD CONSULTANCY SERVICES CONTRACT

The Board considers that the entering into of the Lead Consultancy Services Contract will be beneficial to Link as Aedas Limited has a strong track record in providing design, asset enhancement and development services. It is expected that their involvement in the Project will facilitate Link's objectives with regards to Environmental, Social and Governance (ESG) and Building Environmental Assessment Method (BEAM), which may in turn facilitate attractive yields from the Project in terms of both income growth and capital appreciation potential. Through their historical participation in Link's projects, Aedas Limited has a good understanding of the needs of Link and can work efficiently with Link for time management in relation to the Project. The Lead Consultancy Services Contract was awarded to Aedas Limited following robust tendering procedures in accordance with Link's procurement policies. The terms of the Lead Consultancy Services Contract have been reached after arm's length negotiations between the Manager and Aedas Limited.

SECTION V. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

As the term of the Lead Consultancy Services Contract exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Manager has appointed Somerley as the independent financial adviser to explain why the Lead Consultancy Services Contract requires a term longer than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

In assessing the reasons for the duration of the Lead Consultancy Services Contract to be longer than three years, Somerley considered the following factors:

- (i) the benefits of entering into the Lead Consultancy Services Contract as set out in Section IV of this announcement; and
- (ii) the duration of the Lead Consultancy Services Contract is determined with reference to the expected development period of the Project. According to the tentative master programme of the Project as included in the Lead Consultancy Services Contract, the development of the Project exceeds three years. Somerley understood from the Manager that the Lead Consultancy Services Contract would be effective until the settlement of the final account or the issuance of the final certificate, whichever is the later, in respect of the Project (the “**Final Date**”); and unless the Manager and Aedas Limited otherwise agree in writing, the Lead Consultancy Services Contract will be terminated if the applicable final account is not settled and the applicable final certificate is not issued by 31 March 2027. The Final Date is the final date of the expected development period of the Project which covers the practical completion of works of the Project and the defects liability period thereafter, which is expected to be a date no later than 31 March 2027.

In considering whether it is a normal business practice for agreements of a similar nature to the Lead Consultancy Services Contract to have a term of such duration, Somerley has identified a transaction involving the provision of property development consultancy services to a property developer, which is of the same nature as the Lead Consultancy Services Contract, entered into by a company listed on the Main Board of the Stock Exchange, the duration of such transaction was also in line with the project development period and exceeded three years. Somerley also identified two transactions involving the provision of property development project management related services, which are of similar nature as the Lead Consultancy Services Contract, to/by companies listed on the Main Board of the Stock Exchange, the duration of such transactions was also in line with the project development period and exceeded three years. Somerley understood from the Manager that a service contract with a duration of three years or less may not be practical and commercially sensible as it may take over three years to complete development of a project with a similar scale to the Project. In addition, replacing the service provider during the course of the Project would not be cost-efficient for the Manager and may hinder the development progress as the new service provider may not be familiar with the Project. The duration of the Lead Consultancy Services Contract which is determined with reference to the expected development period of the Project enables the Manager to secure the Services for the development of the Project according to the development programme.

Taking into account of the above, Somerley is of the opinion that the duration of the Lead Consultancy Services Contract, which is longer than three years, is required and it is a normal business practice for agreements of this type to be of such duration.

SECTION VI. OPINION OF THE BOARD

The Board (including the INEDs), having taken into account the opinion and confirmation of Somerley as well as the Manager's duties under the REIT Code and the Trust Deed, is of the view that (i) the entering into of the Lead Consultancy Services Contract is in the ordinary and usual course of business of Link after arm's length negotiations; (ii) the terms of the Lead Consultancy Services Contract are on normal commercial terms and such terms and the Annual Cap are fair and reasonable and in the interests of Link and the Unitholders as a whole; (iii) the Lead Consultancy Services Contract is consistent with the investment policy of Link and in compliance with the REIT Code and the Trust Deed; and (iv) no Unitholders' approval is required under the REIT Code or the Trust Deed for the Manager to enter into the Lead Consultancy Services Contract.

As Mr. GRIFFITHS is the beneficial owner of a more than 30% controlling interest in Aedas Limited, he has a material interest in the Lead Consultancy Services Contract and, accordingly, has abstained from voting on the resolutions of the Board to approve the Lead Consultancy Services Contract.

Save as disclosed, none of the other Directors has a material interest in the Lead Consultancy Services Contract and/or was required to abstain from voting on the resolutions of the Board to approve the Lead Consultancy Services Contract.

SECTION VII. OPINION OF THE TRUSTEE

Based on and in sole reliance on the opinion and confirmation of Somerley as well as the opinion of the Board, the other information in this announcement and 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 it is of the view that: (i) the terms of the Lead Consultancy Services Contract are on normal commercial terms and such terms and the Annual Cap are fair and reasonable and in the interests of Link and the Unitholders as a whole; (ii) the Lead Consultancy Services Contract is consistent with the investment policy of Link and in compliance with the REIT Code and the Trust Deed; (iii) no Unitholders' approval is required under the REIT Code or the Trust Deed for the Manager to enter into the Lead Consultancy Services Contract; and (iv) accordingly, it has no objection to the Manager entering into the Lead Consultancy Services Contract.

SECTION VIII. REGULATORY IMPLICATIONS

As of the date of this announcement, Aedas Limited is indirectly owned as to 33.7% by Mr. GRIFFITHS, a Non-Executive Director of the Manager. Accordingly, Aedas Limited is an associate of Mr. GRIFFITHS and a connected person of Link pursuant to 8.1(f) of the REIT Code, and the transactions contemplated under the Lead Consultancy Services Contract constitute continuing connected party transactions of Link under Chapter 8 of the REIT Code and Chapter 14A of the Listing Rules.

In addition to the Lead Consultancy Services Contract, the Manager and Aedas Limited also entered into the Other Consultancy Services Contracts over the past 12 months. The Other Consultancy Services Contracts, whether alone or aggregated with each other, constituted *de minimis* transactions of Link pursuant to Rule 14A.76(1) of the Listing Rules. Given the time proximity of these agreements with the Lead Consultancy Services Contract, the transactions thereunder are to be aggregated with those under the Lead Consultancy Services Contract pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap exceeds 0.1% but is less than 5%, the transactions contemplated under the Lead Consultancy Services Contract and the Other Consultancy Services Contracts are subject to the announcement, reporting and annual review requirements, but are exempt from the circular and Unitholders' approval requirements, under 8.7A of the REIT Code and Rule 14A.76(2) of the Listing Rules.

This announcement is made pursuant to 10.5A of the REIT Code.

SECTION IX. GENERAL INFORMATION

About Link

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 Aedas Limited

Aedas Limited is a company incorporated under the laws of Hong Kong, which forms part of Aedas, the world's only local and global architecture and design practice driven by global sharing of research, local knowledge and international practice.

SECTION X. DEFINITIONS

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

<i>Annual Cap</i>	the maximum amount of service fees payable by Link to Aedas Limited pursuant to the Lead Consultancy Services Contract and the Other Consultancy Services Contracts on an aggregate basis for each of the financial years/ periods set out under Section III of this announcement
<i>associate</i>	has the meaning ascribed thereto under 2.1 of the REIT Code
<i>Board</i>	the board of Directors

<i>connected person</i>	has the meaning ascribed thereto under 2.7 of the REIT Code
<i>Director(s)</i>	the director(s) of the Manager
<i>Final Date</i>	has the meaning ascribed in Section V of this announcement
<i>Hong Kong and HK\$</i>	the Hong Kong Special Administrative Region of the People's Republic of China, and Hong Kong dollars (the lawful currency of Hong Kong), respectively
<i>INED(s)</i>	the Independent Non-Executive Director(s) of the Manager
<i>Land</i>	Lot No.1078 in Survey District No.3 (off Anderson Road, Kwun Tong, Kowloon, Hong Kong)
<i>Lead Consultancy Services Contract</i>	the Lead Consultancy Services Contract entered into between the Manager and Aedas Limited on 25 November 2022
<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 its SPVs
<i>Listing Rules</i>	the Rules Governing the Listing of Securities on the Stock Exchange (modified as appropriate pursuant to 2.26 of 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>Mr. GRIFFITHS</i>	Mr. Ian Keith GRIFFITHS, a Non-Executive Director of the Manager
<i>Other Consultancy Services Contracts</i>	the two consultancy services contracts awarded by the Manager to Aedas Limited over the past 12 months, in relation to the design of one property and the asset enhancement of another property
<i>Project</i>	the proposed community shopping mall development on the Land

REIT Code	the Code on Real Estate Investment Trusts published, and as may be amended, supplemented or otherwise modified from time to time, by the SFC
Services	the development consultancy services to be performed and provided in relation to the Project by Aedas Limited as set out in the Lead Consultancy Services Contract including any amendments and variations thereto upon instruction of the Manager in writing pursuant to the Lead Consultancy Services Contract
SFC	the Securities and Futures Commission of Hong Kong
Somerley	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed for the purposes of Rule 14A.52 of the Listing Rules
SPV(s)	special purpose vehicle(s) or SPV(s) as defined in the REIT Code
Stock Exchange	The Stock Exchange of Hong Kong Limited
Trust Deed	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 deeds)
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Link
Unit(s) and Unitholder(s)	unit(s) of Link and holder(s) of the Unit(s), respectively
%	Per cent

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, 25 November 2022

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

Peter TSE Pak Wing

Nancy TSE Sau Ling