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Link Real Estate Investment Trust

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

(stock code: 823)

ACQUISITION OF THE REMAINING 50% INTEREST IN PRC PROPERTY QIBAO VANKE PLAZA

THE ACQUISITION

The Board is pleased to announce that pursuant to the SPA dated 9 February 2024, the Buyer (which is an SPV indirectly wholly-owned by Link) has agreed to acquire the Equity Interest from the Seller. As at the date of this announcement, Link, through the Buyer, is already holding the other 50% of the equity interest of the Target Company. Upon Completion, Link will (through its SPVs) become the sole owner of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of Link.

The Target Company is the sole owner of the Property known as 七寶萬科廣場 (Qibao Vanke Plaza) located at 5/3 Qiu, 620 Block, Qibao Town, Minhang District, Shanghai, the PRC (中國上海市閔行區七寶鎮620街坊5/3丘). The Property is a 5-storey shopping mall plus a 3-storey basement, together comprising a retail area of approximately 148,852.84 sqm offering shopping, leisure, dining and entertainment experiences and with a car park with 1,477 parking spaces.

The consideration of the Acquisition shall be determined by reference to an amount equal to the Final Base Price (with estimated Base Price of RMB2,383.8 million at this stage) and, where applicable, as adjusted pursuant to the Sell-down Adjustment mechanism set out below. As at the Valuation Date, the Appraised Property Value of the Property was RMB7,060 million according to the Valuation Report by the Independent Property Valuer.

Completion of the Acquisition may or may not take place. Unitholders and potential investors of Link are advised to exercise caution when dealing in the Units.

The Manager will make further announcements upon and after Completion or, alternatively, if Completion does not take place in accordance with the Listing Rules and the REIT Code. The Manager will also announce any Sell-down Adjustment made by the Buyer to the Seller.

The Guarantor guarantees to the Buyer the Seller's warranties and specific indemnities pursuant to the SPA. The guarantee period is until 24 months from the date when the term of guaranteed obligations expires under the SPA.

REGULATORY IMPLICATIONS

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries: (i) each of the Seller, the Guarantor and their respective ultimate beneficial owners is an Independent Third Party; and (ii) each of the counterparties to the Transaction Documents and their respective ultimate beneficial owners is an Independent Third Party. Accordingly, the Acquisition and the respective transactions contemplated under the Transaction Documents do not constitute connected party transactions of Link under the REIT Code.

OPINIONS OF THE BOARD AND THE TRUSTEE

The Board (including the independent non-executive Directors), having taken into account the Manager's duties under the REIT Code and the Trust Deed, is satisfied that: (i) the terms of the Transaction Documents and the respective transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interests of Link and the Unitholders as a whole; (ii) the Acquisition and the transactions contemplated under the Transaction Documents are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Transaction Documents and the transactions contemplated thereunder to be entered into.

Based on and in sole reliance on the opinion of the Board, the 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: (i) the Acquisition and the transactions contemplated under the Transaction Documents are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; (ii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Transaction Documents and the transactions contemplated thereunder to be entered into; and (iii) it has no objection to the Acquisition and the transactions contemplated under the Transaction Documents.

POTENTIAL STRATEGIC PARTNERSHIP ARRANGEMENT

The Manager is also exploring the introduction of strategic partner(s) for co-investment in the Target Company and/or the Property. Further announcement(s) will be made by the Manager in accordance with the REIT Code and/or the Listing Rules if and when a partnership is formed.

SECTION I. OVERVIEW

The Board is pleased to announce that on 9 February 2024 (after trading hours), the Buyer (which is an SPV indirectly wholly-owned by Link) entered into the SPA with the Seller, the Target Company and the Guarantor, pursuant to which the Buyer has agreed to acquire the Equity Interest (which represents the remaining 50% of the equity interest of the Target Company) from the Seller. As at the date of this announcement, Link, through the Buyer, is already holding the other 50% of the equity interest of the Target Company. Upon Completion, Link will (through its SPVs) become the sole owner of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of Link.

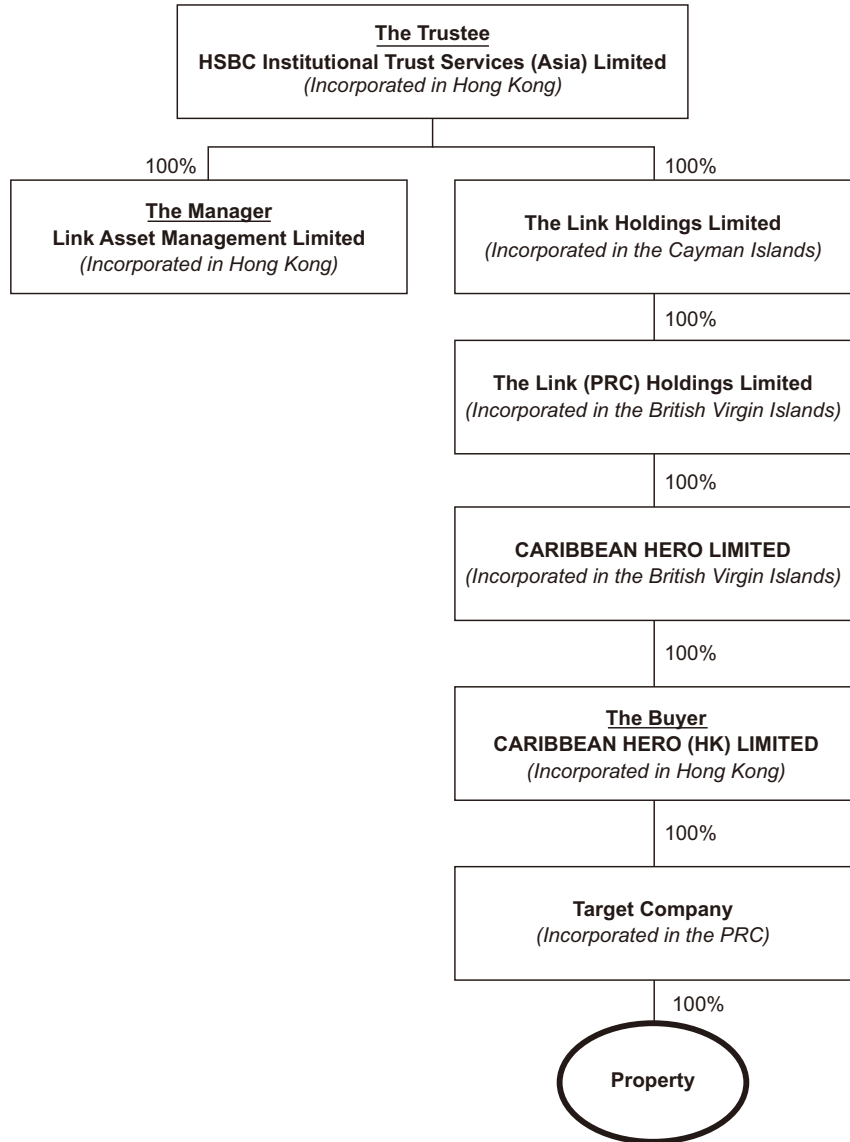
The Target Company is the sole owner of the Property known as 七寶萬科廣場 (Qibao Vanke Plaza) which is located at 5/3 Qiu, 620 Block, Qibao Town, Minhang District, Shanghai, the PRC (中國上海市閔行區七寶鎮620街坊5/3丘). According to the Valuation Report, the Property is a 5-storey shopping mall plus a 3-storey basement, together comprising a retail area of approximately 148,852.84 sqm and with a car park with 1,477 parking spaces.

SECTION II. KEY TERMS OF THE SPA

- (A) Date: 9 February 2024
- (B) Parties:
- (i) Zhuhai Maode Chengtou Commercial Development Co., Ltd.* (珠海市懋德誠投商業發展有限公司) – being the Seller and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party;
 - (ii) Changshu Yinli Corporate Management Co., Ltd.* (常熟印力企業管理有限公司) – being the Guarantor and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party;
 - (iii) Shanghai Xinbao Corporate Management Co., Ltd.* (上海莘寶企業管理有限公司) – being the Target Company; and
 - (iv) CARIBBEAN HERO (HK) LIMITED – being the Buyer and an indirectly wholly-owned SPV of Link.
- (C) Subject of the Acquisition: Pursuant to the SPA, the Seller will on Completion Date sell and transfer the Equity Interest, free from all encumbrances and together with all rights and benefits attaching thereto, to the Buyer, except for declared profit distributable to the Seller before the Completion Date.

(D) Information of the Target Company and holding structure after Completion:

The Target Company has no business activity other than its ownership and management operations of the Property. Upon Completion, Link will (through its SPVs) become the sole owner of the Target Company and the Property. Set out below is a simplified chart showing the holding structure of the Target Company and the Property immediately after Completion:



- (E) Major ancillary agreements: Pursuant to the SPA, the following major ancillary agreements shall be entered into by the relevant parties concurrently with the SPA:
- (i) the Retail Management Supplemental Agreement as described in Section III (E) below; and
 - (ii) the Trademark Licence Supplemental Agreement, pursuant to which the Target Company and the Property shall have the right to continue to freely use certain licenced trademarks of “Vanke” during the 6-month transition period from the Completion Date.
- (F) Completion: Completion shall take place in accordance with the SPA on the Completion Date.
- (G) Consideration: The consideration of the Acquisition shall be determined by reference to an amount equal to the Final Base Price and, where applicable, as adjusted pursuant to the Sell-down Adjustment mechanism set out below.

“**Base Price**” means an amount equal to: $(A + B - C) \times$ equity interest proportion, where:

- (i) A is RMB5,200 million, being the Agreed Property Value of the Property;
- (ii) B is the total amount of certain assets of the Target Company as agreed by the Parties;
- (iii) C is the total amount of certain liabilities of the Target Company as agreed by the Parties; and
- (iv) equity interest proportion means 50%.

Based on the pro-forma closing accounts and the formula above, the estimated Base Price of the Acquisition shall be RMB2,383.8 million. For the avoidance of doubt, such amount is only an estimate and is not the Final Base Price.

The final Base Price (the “**Final Base Price**”) shall be calculated pursuant to the same aforementioned Base Price formula but with items relating to the Target Company to be based on the audited closing accounts of the Target Company.

Sell-down Adjustment (if applicable):

In the event that the Buyer disposes of all or any part of its equity interest in the Target Company within 12 months after the Completion Date (the “**Sell-down**”) subject to the execution of one or more definitive equity transfer agreement(s), then in respect of each Sell-down, the Buyer shall pay to the Seller the corresponding Sell-down Adjustment in accordance with the following formula, subject to exemptions and certain circumstances as agreed between the Buyer and the Seller in the SPA.

Sell-down Adjustment = [(P1 - P2) x Sell-down shareholding ratio - RMB60 million] x 51%, where:

- (i) P1 is the then prevailing value of the Property reasonably agreed for the purposes of such Sell-down;
- (ii) P2 is RMB5,200 million, being the Agreed Property Value of the Property; and
- (iii) Sell-down shareholding ratio means a percentage that is equal to the equity interest in the Target Company being sold by the Buyer at such time but capped at 50% (see below for explanation).

Sell-down shareholding ratio is limited to 50% of the equity interest in the Target Company (i.e. being the 50% of the equity interest of the Target Company that the Buyer currently holds prior to the Acquisition), and if the proportion of equity interest sold is higher than 50%, the portion higher than 50% shall not be subject to the payment of Sell-down Adjustment. For the avoidance of doubt, if the calculation of the Sell-down Adjustment pursuant to the above formula results in a negative amount, then the Sell-down Adjustment shall be equal to zero.

No assurance can be given in relation to the possibility of any such Sell-down, which may or may not occur.

- (H) Payment: The Buyer shall pay the consideration as follows:
- (i) the amount of RMB2,143.8 million, shall be paid on or before the fifth business day after the Completion Date;
 - (ii) the amount of RMB220 million, shall be paid within five business days after the Target Company receives repayment of all principal and interest of the Intercompany Loan from the Seller;
 - (iii) provided that the Intercompany Loan is fully repaid, the amount, being the equivalent of the Final Base Price less the estimated Base Price, shall be paid within five business days after issuance of the audited closing accounts of the Target Company and after the Final Base Price has been determined in accordance with the SPA. For the avoidance of doubt, if the amount derived from the formula in (iii) here is negative, the amount to be paid shall be deemed zero in (iii) here. The fourth tranche of payment as stated in (iv) below shall therefore be correspondingly reduced by the absolute value of the net amount in (iii) here; and
 - (iv) subject to (iii) stated above, the amount of RMB20 million shall be paid within five business days after the expiry of the sixth month after the Completion Date and in accordance with the SPA.

- (I) Termination: The SPA shall be terminated:
- (i) by mutual written consent of all Parties; or
 - (ii) upon service of notice on the other party based on the following events:
 - (a) upon the occurrence of any event which is reasonably expected to have a material adverse effect on the Target Company and/or the Property and/or the Acquisition prior to the Completion Date as a result of a force majeure event as stipulated in the SPA; or
 - (b) failure to obtain the change of the business licence of the Target Company within 60 days after the execution of the SPA which is not due to the Seller or the Buyer; or
 - (c) upon the occurrence of any material breach of certain obligations by the Seller or the Buyer under the SPA (including failure to complete), then the defaulting party shall pay to the non-defaulting party liquidated damages in an amount equal to 20% of the estimated Base Price; or
 - (d) if the consummation of the transactions contemplated thereunder would become prohibited under the applicable laws.

(J) Warranties, indemnities and guarantee: The SPA contains warranties and indemnities by the Parties customary for transactions of this nature and scale.

The Guarantor guarantees to the Buyer the Seller's warranties and specific indemnities pursuant to the SPA. The guarantee period is until 24 months from the date when the term of guaranteed obligations expires under the SPA.

Having considered the above, the Manager is of the view that the arrangements sufficiently protect the interests of Link and the Unitholders as a whole.

(K) Governing law: PRC law.

SECTION III. THE PROPERTY

(A) General description: The Property is a 5-storey shopping mall plus a 3-storey basement known as 七寶萬科廣場 (Qibao Vanke Plaza) located at 5/3 Qiu, 620 Block, Qibao Town, Minhang District, Shanghai, the PRC (中國上海市閔行區七寶鎮620街坊5/3丘). According to the Valuation Report, it comprises: (i) a retail area of approximately 148,852.84 sqm; and (ii) a car park with 1,477 parking spaces.

The Property was completed in September 2016. According to the Valuation Report, the approximate gross floor area and net lettable area of the Property are as follows:

	Retail	Car park
Gross floor area	148,852.84 sqm	85,018.76 sqm
Net lettable area	88,882.32 sqm	–

- (B) Tenancies: According to the Valuation Report, as at 31 January 2024:
- there were 315 tenancies occupying approximately 94.5% of the net lettable area of the retail area of the Property;
 - retail tenancies which will expire from 2024 to 2026 represent approximately 85.2% of the passing base rental income of the retail area of the Property;
 - the monthly passing income of the Property was approximately RMB40.6 million per month with retail income of approximately RMB39.4 million per month, and car park income of RMB1.2 million per month;
 - the top three retail trades of the Property were clothing, footwear and allied products, food and beverage, leisure and entertainment, representing approximately 78.4% of the leased net lettable area of the Property; and
 - the car park is leased to a third party for operation until 25 December 2025.
- (C) Ownership: The Property is solely held by the Target Company.
- (D) Land use right: The land use rights in respect of the Property will expire on 11 November 2052.
- If the term of the land use rights in respect of the Property is not extended, the Target Company will have no further land use rights upon expiry. If the term of the land use rights in respect of the Property is extended, land premium or other consideration may be payable by the Target Company for such extension, the amount of which cannot be ascertained at this stage.
- (E) Retail management: During the 6-month transition period from the Completion Date, the Retail Manager shall, pursuant to the Retail Management Supplemental Agreement, continue to provide leasing, operation and property maintenance functions to the Property to ensure a smooth transition of the Property.
- (F) Mortgage: The Property is presently mortgaged by the Target Company in favour of the Existing Lenders under and pursuant to the Existing Property Mortgage as security for the repayment of the Existing Bank Loan.
- (G) Valuation of the Property: As at the Valuation Date, the Appraised Property Value of the Property was RMB7,060 million according to the Valuation Report by the Independent Property Valuer. The Agreed Property Value represents a discount of approximately 26.3% to the Appraised Property Value.

SECTION IV. FEES AND EXPENSES

No fee or charge is payable to the Manager as a result of the Acquisition.

No fee or charge is payable to the Trustee as a result of the Acquisition, apart from the Trustee's remuneration under the Trust Deed which is based on prescribed percentages per annum of the Property Values (as defined in the Trust Deed) applicable to Link's real estate situated in and outside Hong Kong.

The Expenses are payable by the Buyer.

SECTION V. FINANCIAL INFORMATION OF THE TARGET COMPANY

The financial statements of the Target Company for the years ended 31 December 2021 and 2022 were audited and prepared in accordance with PRC Generally Accepted Accounting Principles. The management accounts of the Target Company for the year ended 31 December 2023 was unaudited and prepared in accordance with PRC Generally Accepted Accounting Principles.

The financial information of the Target Company provided by the Seller is as follows. Such figures are solely for reference purposes and do not represent the future performance of the Target Company or the Property:

	For the year ended 31 December 2023 (Unaudited) RMB'000	For the year ended 31 December 2022 (Audited) RMB'000	For the year ended 31 December 2021 (Audited) RMB'000
(1) Revenue	502,540	382,734	430,015
(2) Net profit before tax	219,855	118,845	141,525
(3) Net profit after tax	164,891	88,380	106,903

As extracted from the unaudited management accounts of the Target Company, the net asset value of the Target Company was RMB1,358 million as at 31 December 2023, comprising mainly the Property, cash at bank, the Intercompany Loan and the Existing Bank Loan. Other than the Property, cash at bank, the Intercompany Loan and the Existing Bank Loan, the Target Company is not expected to have any material assets and liabilities immediately following Completion.

SECTION VI. FINANCIAL IMPACT AND FUNDING OF THE ACQUISITION

The consideration of the Acquisition was agreed between the Buyer and the Seller after arm's length commercial negotiation and having taken into account a number of factors including the Appraised Property Value of the Property, the net asset value of the Target Company, and the prevailing market conditions. The Manager is satisfied that the consideration of the Acquisition has been arrived at after arm's length negotiation and the basis for determining the consideration of the Acquisition is fair and reasonable and in the interests of Link and the Unitholders as a whole.

The estimated Base Price of RMB2,383.8 million (equivalent to approximately HK\$2,590.8 million) together with the Expenses (approximately HK\$5.4 million) and the Sell-down Adjustment (if applicable) will be funded from Link's own cash resources. The Acquisition is not expected to have any material adverse impact on the financial position of Link as compared with that as at 30 September 2023 (as disclosed in the 2023/24 Interim Report).

Upon Completion, based on the consolidated financial position of Link as at 30 September 2023 (as disclosed in the 2023/24 Interim Report), the pro-forma adjusted ratio of gross debt to total assets of Link is anticipated to change from approximately 23.4% (after adjusting for the impact of the interim distribution distributed to Unitholders on 29 December 2023 that offered a combination of cash and scrip distribution) to approximately 23.7% (assuming the Acquisition is funded from Link's own cash resources and the value of Link's interest in the Target Company is included in the consolidated financial position of Link as if the Acquisition took place on 30 September 2023).

When further subtracting Link's cash and bank balances from gross debt (assuming Link to fully utilise its residual cash resources after the Acquisition to pay its debt), the pro-forma adjusted ratio of net debt to total assets of Link is anticipated to change from approximately 19.3% to 20.4%.

SECTION VII. REASONS FOR THE ACQUISITION

The Acquisition is in line with Link's investment strategy to invest in yield-accretive and income-producing real estate which has long term potential for growth in the Asia Pacific region. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of Link. The Manager believes the Acquisition to be in the best interest of Link and the Unitholders for the following reasons:

- **Prime location of the Property with upcoming infrastructure upgrade**

The Property is a sizeable and high-quality regional mall located within the high density residential Qibao Town in Minhang District, one of the most populous administrative districts in Shanghai. As a transit-oriented development, the Property benefits from its direct metro connection and a pipeline of transport infrastructure and development projects underway.

The Property is directly connected to the Qibao metro station, which will become an interchange station of the existing Metro Line No. 9 and the upcoming Jiamin Line, which is expected to complete in 2027. The Property also serves the population within a five-kilometre radius from the Hongqiao Transportation Hub, Caohejing Hi-tech Park and Qibao Eco Business Park, as well as the Airport Connection Line expected to open by the end of 2024.

The Property is well poised to benefit from the increase in residential population and flow of traffic, which in turn will boost the revenue of the Target Company and the potential capital appreciation of the Property.

- **Proven competitiveness and resilient income stream**

Since Link's acquisition of a 50% interest in 2021, the Property has proven its competitiveness, and delivered resilient business performance despite of the significant challenges during the Covid-19 pandemic period. Supported by a high quality and well-diversified tenant base, the Property has maintained occupancy of approximately 95% during the period of Covid-19 pandemic. A remarkable lease reversionary rate of 11.2% was recorded in 2023 and a total revenue growth of the Target Company of 16.9% for the year ended 31 December 2023 versus the same period in 2021.

- **Selective yield-accretive investment in Tier-1 city supported by market fundamentals**

According to the National Bureau of Statistics of China, the national GDP grew by 5.2% in 2023. Among tier-1 cities, Shanghai reported highest disposable income growth of 6.3% versus other tier-1 cities (4.8% to 5.8%), as well as fastest retail sales growth of 12.6% versus other tier-1 cities (4.8% to 7.8%) and national average of 7.2% according to the respective statistics bureaus.

The Acquisition presents a compelling investment proposition underpinned by (i) the supportive Shanghai retail market fundamentals, (ii) proven performance of the Property, and (iii) an Agreed Property Value at discount to Appraised Property Value, which is consistent with Link's investment strategy to invest in yield-accretive and income-producing real estate with long-term growth potential.

- **Alignment with Link's active asset management strategy under Link 3.0**

Upon Completion, Link will become the sole owner of the Target Company and the Property. The existing Retail Manager will be replaced after a six month transition period and the Property will be re-branded and actively managed by Link, adding to our asset under management and giving us greater flexibility and control over the Property.

Leveraging on Link's track record in asset optimisation and retail management competency, the Property will be integrated into Link's Mainland China retail portfolio, further enhancing Link's competencies, scale and operational efficiency.

Consolidating the 100% interest and management rights over the Property also positions Link for various options in asset and portfolio strategy, including introduction of strategic partners and generation of management fee income in future.

SECTION VIII. INFORMATION ON THE TARGET COMPANY

The Target Company is a domestic company established in the PRC on 23 January 2006 by the Seller's affiliate. The Target Company became a 50%:50% sino-foreign joint venture in 2014 and then the Buyer acquired 50% of the equity interest of the Target Company in 2021. Upon Completion, the Target Company will become a wholly foreign owned enterprise solely owned by Link (through its SPVs). The principal business of the Target Company is to acquire, hold, operate, manage and let the Property.

The Manager's PRC Legal Adviser has confirmed that there are no legal impediments to the remittance of dividends from any retained earnings of the Target Company out of the PRC to the Buyer (as a shareholder of the Target Company), provided that such remittance is made in accordance with the relevant PRC tax, company, foreign investment and foreign exchange laws and regulations and in accordance with the provisions of the Existing Bank Loan (remittance of dividends is not allowed prior to the full repayment thereof unless prior written consent of Existing Lenders is obtained).

SECTION IX. OPINION OF THE BOARD

The Board (including the independent non-executive Directors), having taken into account the Manager's duties under the REIT Code and the Trust Deed, is satisfied that: (i) the terms of the Transaction Documents and the respective transactions contemplated thereunder are at arm's length, on normal commercial terms, fair and reasonable and in the interests of Link and the Unitholders as a whole; (ii) the Acquisition and the transactions contemplated under the Transaction Documents are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Transaction Documents and the transactions contemplated thereunder to be entered into.

SECTION X. CONFIRMATION BY THE MANAGER

The Manager has conducted due diligence on the Target Company as well as the Property in accordance with the relevant provisions of the REIT Code (including the Practice Note on Overseas Investments by SFC-authorized REITs) and the Manager's compliance manual. No material irregularity or non-compliance issues have been identified during due diligence and the Manager is satisfied with the due diligence results. The Manager is of the view that the terms of the Transaction Documents sufficiently protect the interests of Link and the Unitholders as a whole.

The Manager's PRC Legal Adviser has advised the Manager that:

- (i) the Target Company legally holds the land use rights and ownership rights of the Property and can legally possess, use, lease and dispose of the same (subject only to the Tenancies and the existing mortgages and land grant contracts);
- (ii) subject to due execution of the SPA and completion of the Acquisition, the SPA will be legal, valid, binding and enforceable under PRC law; and
- (iii) all necessary licences and consents relating to the establishment of the Target Company and the business and daily operation carried out by the Target Company within its registered business scope required in the PRC have been obtained by the Target Company.

Based on advice from the Manager's PRC Legal Adviser, the Manager is of the view that:

- (i) upon Completion, Link will have legal and beneficial title to the Equity Interest, together with the current holding, representing 100% of the equity interest of the Target Company; and
- (ii) the Target Company has good marketable legal and beneficial title to the Property.

SECTION XI. OPINION OF THE TRUSTEE

Based on and in sole reliance on the opinion of the Board, the 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: (i) the Acquisition and the transactions contemplated under the Transaction Documents are consistent with Link's investment policy and in compliance with the REIT Code and the Trust Deed; (ii) no Unitholders' approval is required under the REIT Code and the Trust Deed for the Transaction Documents and the transactions contemplated thereunder to be entered into; and (iii) it has no objection to the Acquisition and the transactions contemplated under the Transaction Documents.

SECTION XII. REGULATORY IMPLICATIONS

Announcement requirement

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries: (i) each of the Seller, the Guarantor and their respective ultimate beneficial owners is an Independent Third Party; and (ii) each of the counterparties to the Transaction Documents and their respective ultimate beneficial owners is an Independent Third Party. Accordingly, the Acquisition and the respective transactions contemplated under the Transaction Documents do not constitute connected party transactions of Link under the REIT Code.

Requirement under 7.5(c) of the REIT Code

Under 7.5(c) of the REIT Code, a REIT may hold real estate through SPVs provided that, among other things, the SPVs are established for the sole purpose of holding real estate for the REIT and/or arranging financing for the REIT. Notwithstanding the foregoing, the note to 7.5(c) of the REIT Code provides that SPVs may be used for other purposes incidental to the REIT's investments subject to prior consultation with the SFC.

The Manager has made a submission to the SFC in respect of 7.5(c) of the REIT Code such that, after Completion the Target Company can continue to employ not more than five individuals. Currently, there are a maximum of five employees employed by the Target Company. These employees provide services that are necessary to support the daily business activities of the Target Company, such as supervisory, management and administrative functions to be undertaken by the Target Company. There is a practical necessity for the Target Company to have a reasonable number of employees to continue to perform these functions. As such, the Manager desires to maintain the current arrangement with no more than five employees after Completion. It is not expected that these employment arrangements will result in any significant liability or loss to Link, which is an internally-managed REIT. The above arrangements are customary for Link's PRC properties. The Manager is of the view that (i) the number of employees of the Target Company after Completion will not be more than five and (ii) it is not expected that these employee arrangements will result in any material adverse financial liability or loss to Link.

SECTION XIII. GENERAL

- **About the Buyer and Link**

The Buyer is a company incorporated in Hong Kong and an indirectly wholly-owned SPV of Link. The Buyer currently has no other business activity and will be used solely to hold Link's interest in the Target Company and the Property upon Completion.

Link is 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). HSBC Institutional Trust Services (Asia) Limited is the Trustee. Link, managed by the Manager, currently has a diversified portfolio of retail, office and logistics properties and car park spaces in Hong Kong, the PRC, Australia, the United Kingdom and Singapore.

- **About the Seller**

The principal business of the Seller is property holding. Based on the information provided by the Seller, the Seller is 99% held and controlled by Vanke.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Seller and its ultimate beneficial owners is an Independent Third Party.

- **About the Guarantor**

Based on the information provided by the Seller, the Guarantor is wholly-owned by SCPG Holdings Co., Ltd.* (印力集團控股有限公司), whose principal business is commercial real estate development and management in the PRC. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Guarantor is an Independent Third Party.

- **Potential strategic partnership arrangement**

The Manager is also exploring the introduction of strategic partner(s) before or after Completion for co-investment in the Target Company and/or the Property. Further announcement(s) will be made by the Manager in accordance with the REIT Code and/or the Listing Rules if and when a partnership is formed.

- **Further announcement**

Completion of the Acquisition may or may not take place. Unitholders and potential investors of Link are advised to exercise caution when dealing in the Units.

The Manager will make further announcements upon and after Completion or, alternatively, if Completion does not take place in accordance with the Listing Rules and the REIT Code. The Manager will also announce any Sell-down Adjustment made by the Buyer to the Seller.

SECTION XIV. DEFINITIONS

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

2023/24 Interim Report the Interim Report of Link for the six months ended 30 September 2023.

Acquisition the acquisition of the Equity Interest by the Buyer from the Seller pursuant to the terms of the SPA, and for the avoidance of doubt, references to the transactions contemplated by the Acquisition do not include the Sell-down (if any).

Agreed Property Value RMB5,200 million, being the free-from-encumbrances value attributed to the Property, as agreed between the Seller and Buyer for the Acquisition.

Appraised Property Value RMB7,060 million, being the appraised value of the Property as at the Valuation Date according to the Valuation Report.

Australia the Commonwealth of Australia.

Base Price has the meaning given to this term in "SECTION II – KEY TERMS OF THE SPA" above.

Board	the board of Directors of the Manager.
Buyer	CARIBBEAN HERO (HK) LIMITED, a company incorporated under the laws of Hong Kong with limited liability, being an indirectly wholly-owned SPV of Link.
Completion/ Completion Date	the date on which the Target Company has received the new business licence (營業執照) from the PRC State Administration for Market Regulation (國家市場監督管理總局) or such other date as the Seller and the Buyer agree in writing, and “Completion” shall be construed accordingly.
Director(s)	the director(s) of the Manager.
Equity Interest	the remaining 50% of the equity interest of the Target Company which is the subject of the Acquisition.
Existing Bank Loan	the loan facility provided by the Existing Lenders to the Target Company.
Existing Lenders	collectively, Industrial and Commercial Bank of China Limited, Shanghai Waitan Sub-Branch (中國工商銀行股份有限公司上海市外灘支行) and Bank of Communications Co., Ltd., Shanghai Minhang Sub-Branch (交通銀行股份有限公司上海閔行支行).
Existing Property Mortgage	the mortgage over the Property created by the Target Company in favour of the Existing Lenders, to secure the Existing Bank Loan.
Expenses	expenses in an aggregate amount of approximately HK\$5.4 million payable by the Buyer in respect of professional services fees, estate agency fees and stamp duty fee in connection with the Acquisition.
Final Base Price	has the meaning given to this term in “SECTION II – KEY TERMS OF THE SPA” above.
Guarantor	Changshu Yinli Corporate Management Co., Ltd.* (常熟印力企業管理有限公司), a company incorporated in the PRC and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party.
HK\$	Hong Kong dollars, the lawful currency of Hong Kong.
Hong Kong	the Hong Kong Special Administrative Region of the PRC.

<i>Independent Property Valuer</i>	Cushman & Wakefield Limited, the current Principal Valuer (as defined in the REIT Code) of Link and an independent property valuer (within the meaning of Chapter 6 of the REIT Code) appointed for valuing the Property for the purpose of the Acquisition.
<i>Independent Third Party</i>	a third party who is independent of Link and its connected persons (as defined in the REIT Code).
<i>Intercompany Loan</i>	an existing RMB240 million loan provided by the Target Company to the Seller or its affiliate.
<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 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>Manager's PRC Legal Adviser</i>	Zhong Lun Law Firm, which is the PRC legal adviser appointed by the Manager for the Acquisition.
<i>Parties</i>	the parties to the SPA.
<i>PRC</i>	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan.
<i>PRC Generally Accepted Accounting Principles</i>	generally accepted accounting principles in the PRC, as in effect from time to time.
<i>Property</i>	the property known as 七寶萬科廣場 (Qibao Vanke Plaza), a 5-storey shopping mall plus a 3-storey basement located at 5/3 Qiu, 620 Block, Qibao Town, Minhang District, Shanghai, the PRC (中國上海市閔行區七寶鎮620街坊5/3丘).
<i>REIT</i>	real estate investment trust.
<i>REIT Code</i>	the Code on Real Estate Investment Trusts published, and as may be amended, supplemented or otherwise modified from time to time, by the SFC.

<i>Retail Management Agreement</i>	the retail management agreement dated 24 February 2021 entered into by the Target Company and the Retail Manager.
<i>Retail Management Supplemental Agreement</i>	a supplemental agreement to the Retail Management Agreement entered into concurrently with the SPA between the Target Company and the Retail Manager.
<i>Retail Manager</i>	Shanghai Zhupu Information Technology Co., Ltd.* (上海築浦信息技術有限公司), a company incorporated in the PRC. To the best knowledge, information and belief of the Manager, having made all reasonable enquiries, each of the Retail Manager and its ultimate beneficial owners is an Independent Third Party.
<i>RMB</i>	Renminbi, the lawful currency of the PRC.
<i>Sell-down</i>	has the meaning given to this term in “SECTION II – KEY TERMS OF THE SPA” above.
<i>Sell-down Adjustment</i>	has the meaning given to this term in “SECTION II – KEY TERMS OF THE SPA” above.
<i>Seller</i>	Zhuhai Maode Chengtou Commercial Development Co., Ltd.* (珠海市懋德誠投商業發展有限公司), a company incorporated in the PRC and (to the best knowledge, information and belief of the Manager, having made all reasonable enquiries) an Independent Third Party.
<i>SFC</i>	the Securities and Futures Commission of Hong Kong.
<i>Singapore</i>	the Republic of Singapore.
<i>SPA</i>	the share purchase agreement dated 9 February 2024 entered into by the Seller, the Buyer, the Target Company and the Guarantor in respect of the sale and purchase of the Equity Interest.
<i>SPV(s)</i>	special purpose vehicle(s) of Link.
<i>sqm</i>	square metre.
<i>Stock Exchange</i>	The Stock Exchange of Hong Kong Limited.
<i>Target Company</i>	Shanghai Xinbao Corporate Management Co., Ltd.* (上海莘寶企業管理有限公司), currently a sino-foreign joint venture established in the PRC.

Tenancies	all subsisting leases, tenancy agreements, licence agreements and other rights to occupy or use to which the Property (or any part thereof) is subject.
Trademark Licence Supplemental Agreement	a supplemental agreement to the original trademark licence agreement(s) of the Target Company, entered into concurrently with the SPA.
Transaction Documents	means the SPA and the ancillary agreements entered into concurrently with the SPA.
Trust Deed	the trust deed dated 6 September 2005 between the Trustee and the Manager constituting Link (as amended and supplemented by fourteen supplemental deeds and two amending and restating deeds).
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Link.
Unit(s)	unit(s) of Link.
United Kingdom	the United Kingdom of Great Britain and Northern Ireland.
Unitholder(s)	holder(s) of Unit(s).
Valuation Date	31 January 2024.
Valuation Report	the valuation report on the Property dated 7 February 2024 by the Independent Property Valuer for the purpose of the Acquisition.
Vanke	萬科企業股份有限公司, a company established in the PRC.

The HK\$ equivalent of RMB disclosed in this announcement is arrived at using the Treasury Markets Association spot rate (RMB1:HK\$1.08682) quoted as at two business days before the date of this announcement.

* *For identification purpose only*

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, 9 February 2024

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

Chair (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

Duncan Gareth OWEN

Blair Chilton PICKERELL

Poh Lee TAN

Melissa WU Mao Chin