

Connected Party Transactions

Set out below is information in respect of the connected party transactions involving The Link REIT and its connected persons as defined in clause 8.1 of the REIT Code in respect of the Relevant Period:

Connected Party Transactions — Income

The following table sets forth information on all the connected party transactions from which The Link REIT derived its income during the Relevant Period:

Name of Connected Person	Relationship with The Link REIT	Nature of the Transaction	Rental & Charge Out Collection* <i>HK\$'M</i>	Rental Deposit as at 31 March 2006 <i>HK\$'M</i>
The Hongkong and Shanghai Banking Corporation Limited, its subsidiaries and associates	Trustee's connected person	Tenancies of property of The Link REIT ¹	4.4	0.3

¹ For shops and ATMs at various locations.

* Amount excluding deposit.

Connected Party Transactions — Expenses

The following table sets forth information on all the connected party transactions in respect of which The Link REIT incurred expenses during the Relevant Period:

Name of Connected Person	Relationship with The Link REIT	Nature of the Transaction	Expense Incurred <i>HK\$'M</i>
The Link Management Limited	The Manager	Management Fee	61.9
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee Fee	0.9
CB Richard Ellis Limited	Principal Valuer	Valuation Fee	4.7
CapitaLand Limited	Strategic Partner	Strategic Partner Service Fee	1.3
HSBC Group*	Trustee's connected person	Loan Interest	200.9

* HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries.

Connected Party Transactions with the HSBC Group for Ordinary Course Banking Services

The Link REIT and its subsidiaries have engaged The Hongkong and Shanghai Banking Corporation Limited, the indirect holding company of the Trustee of The Link REIT, to provide ordinary course banking and financial services, namely, bank deposit and MPF arrangements for staff, during the Relevant Period.

The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited are the lenders to The Link Finance Limited, a Special Purpose Vehicle of The Link REIT, pursuant to a loan facility arranged for the acquisition of the property portfolio from the Hong Kong Housing Authority.

The Audit Committee has reviewed the general nature and types of such transactions and is satisfied that the general nature and types of transactions are of the type that are contemplated in the waiver granted by the SFC to The Link REIT and are of a type that would be entered into in the ordinary and usual course of business at arm's length on normal commercial terms and there are no material inconsistencies with the internal procedures of the Manager that should be drawn to the attention of unitholders.

There was no transaction entered into with The Wing Hang Bank Limited or associates of its group which are also connected persons being members of the relevant banking group as defined in the waiver granted by the SFC.

Connected Party Transactions — Lease Transactions under which the Annual Rent Exceeds HK\$1 million

Name of Connected Person (Tenant)	Relationship with The Link REIT	Nature of the Transaction	Material Terms	Annual Income ¹ HK\$'M
The Hongkong and Shanghai Banking Corporation Limited	Trustee's connected person	Tenancy for Shop No. 6 of Homantin Plaza	Term of 6 years and expire on 31/12/2006	1.1
		Tenancy for Shop Nos. T036-T038 Lok Fu Shopping Centre	Term of 2 years and expire on 31/8/2007	2.2
Hang Seng Bank Limited	Trustee's connected person	Tenancy for Shop S31D of Lok Fu Shopping Centre	Term of 3 years and expire on 31/1/2007	1.6

1 The annual income stated herein refers to the rental income that would have been received for a 12-month period in accordance with the tenancy agreement.

Connected Party Transactions

Confirmation by the Audit Committee

The Audit Committee confirms that it has reviewed the terms of all relevant connected party transactions including those connected party transactions with the HSBC Group and that it is satisfied that such transactions have been entered into:

- (a) at arm's length on normal commercial terms;
- (b) in the ordinary and usual course of business of The Link REIT;
- (c) are fair and reasonable; and
- (d) in the interests of the unitholders as a whole.

Agreed-upon Procedures Performed by the Auditors in Relation to Certain Connected Party Transactions

Pursuant to the waiver from strict compliance with the approval and disclosure requirements under Chapter 8 of the REIT Code, the Manager has engaged the auditors of The Link REIT to perform certain fact finding procedures in respect of the connected party transactions on the leasing of properties and corporate finance transactions during the Relevant Period. The auditors have performed these procedures and reported their factual findings to the Audit Committee of the Manager.

Confirmation by the Manager and the Trustee in respect of Corporate Finance Transactions with the HSBC Group

The Manager confirms that no corporate finance transaction (save and except for those disclosed hereinabove) was entered into with the HSBC Group during the Relevant Period.

The Manager (including all the Independent Non-executive Directors) confirms that:

- (a) based on the information provided, and representations made, by the Trustee, it is satisfied with the internal controls and compliance procedures of the Trustee, which demonstrate that the Trustee's operations are run independently of other banking and financial functions or operations of the HSBC Group;
- (b) the basis of the cap amount in relation to the corporate advisory transactions set out in waiver granted by the SFC to The Link REIT is fair and reasonable in light of The Link REIT's operations and unit holding structure, including the objectives and strategy of The Link REIT, the size, geographical and tenancy mix of its property portfolio and its management structure;
- (c) the scope and terms of the waivers applied for are fair and reasonable, and in the best interests of the unitholders; and
- (d) the Manager is not bound to enter into corporate finance transactions with the HSBC Group despite of the waivers granted.

Holding of Connected Persons in the Units of The Link REIT

Upon making reasonable enquiry and according to information available to the Manager, the following persons, being connected persons (as defined under the REIT Code) of The Link REIT, held units of The Link REIT as at 31 March 2006:

Name	Number of Units	Percentage of Holdings
The Children's Investment Master Fund	392,279,500	18.35%
CapitaLand Limited	90,874,000	4.25%
HSBC Group	2,713,000	0.13%
The Wing Hang Bank Limited	100,000	0.00%

Notes:

1. The Children's Investment Master Fund is a connected person as it is a significant holder (as defined under the REIT Code).
2. CapitaLand Limited is a connected person as it is the Strategic Partner of the Manager and Mr LIEW Mun Leong, a director of CapitaLand Limited, is also a director of the Manager of The Link REIT.
3. HSBC Group is a connected person as HSBC Institutional Trust Services (Asia) Limited is the Trustee of The Link REIT.
4. The Wing Hang Bank Limited is a connected person as Dr FUNG Yuk Bun Patrick, Chairman of The Wing Hang Bank Limited, is a director of the Manager of The Link REIT.

So far as the Manager is aware there was no change in the number of units held by CapitaLand Limited during the period from the Listing Date (25 November 2005) to 31 March 2006. Units held by The Wing Hang Bank Limited were subscribed through the IPO of The Link REIT. Units held by the HSBC Group and The Children's Investment Master Fund were acquired after The Link REIT was listed on the Stock Exchange of Hong Kong.

Continue with the Waivers Granted Without Unitholders' Approval

The Audit Committee has reviewed the terms of the connected party transaction waivers granted by the SFC upon the listing of The Link REIT and is satisfied that (on the basis of the terms of the waivers and the internal controls and procedures in place) it is fair and reasonable that the waivers be continued without unitholders' approval.

The full Board (including the Independent Non-executive Directors) also considers that it is fair and reasonable and in the best interests of the unitholders to continue with the waivers granted without unitholders' approval.