

Intentions in the Event of a New Legal Challenge

It is the intention of the Manager and HKHA to proceed with the Divestment and the Global Offering notwithstanding that any Future Challenge may be made or threatened.

HKHA has taken legal advice and believes that any Future Challenge by way of judicial review should be unsuccessful. The Manager has separately considered the possibility of Future Challenge and has concluded that it is appropriate to proceed with the Global Offering on the basis set out in this Offering Circular, and that the arrangements which may apply in the case of a Future Challenge (as described in this Offering Circular) are appropriate in the circumstances.

Notwithstanding the resolution of the Earlier Proceedings, HKHA and the Manager have been advised by their respective legal counsel that the possibility of Future Challenge, including challenges on judicial review related grounds, cannot be ruled out. The terms of the Global Offering therefore include contingency provisions to ensure so far as possible that the Hong Kong Public Offering and the Global Offering may proceed notwithstanding any Future Challenge (or the possibility of any Future Challenge). Such contingencies have not previously been adopted in a major Hong Kong public offering. Therefore, potential applicants should read carefully the section headed “Possibility of Legal Challenge and Related Terms and Conditions of the Global Offering” in this Offering Circular.

If a Future Challenge is made or threatened, the Manager will decide whether or not to proceed with the Global Offering in light of the circumstances at the time. The Global Offering will only proceed if the Manager considers it appropriate notwithstanding the Future Challenge, and provided it remains the Directors’ view that The Link REIT is suitable for listing. The Directors’ views will be included in relevant announcements in light of the circumstances at the time.

Background

The Previous Offering was made by publication of the 2004 Offering Circular on 25 November 2004 and was subsequently the subject of legal challenge by way of application for judicial review brought by Madam Lo Siu Lan and Mr. Ma Ki Chiu on 8 December 2004. The application for judicial review was dismissed by the Court of First Instance on 14 December 2004 and the Court of Appeal dismissed an appeal by Madam Lo heard on 16 December 2004. On 17 December 2004, the Appeal Committee of the Court of Final Appeal ruled that the Court of Final Appeal lacked jurisdiction to abridge the time allowed for an appeal to the Court of Final Appeal.

The Previous Offering was stipulated to close no later than 20 December 2004. Following the ruling of the Appeal Committee of the Court of Final Appeal on 17 December 2004, it became clear that the possibility of further appeal to the Court of Final Appeal would not be capable of being resolved within the timeframe applicable to the Previous Offering. That unresolved possibility of further appeal constituted a material change in circumstances from those prevailing at the time of publication of the 2004 Offering Circular. Consequently, it was announced on 19 December 2004 that the Previous Offering would not proceed having regard to the unresolved possibility of appeal to the Court of Final Appeal. The trust from the Previous Offering has subsequently been dissolved, as confirmed by a deed of termination of the trust deed from the Previous Offering executed on 6 September 2005.

The Earlier Proceedings culminated in a judgment of the Court of Final Appeal handed down on 20 July 2005, upholding the earlier judgments of the Court of First Instance and Court of Appeal. In that judgment the Court of Final Appeal held that the Divestment is consistent with HKHA’s statutory objects and, accordingly, within the power of HKHA. The judgment of the Court of Final Appeal is consistent with legal advice received by HKHA that the Global Offering and the Divestment were (and continue to be) fully within the powers of HKHA. The doctrine of precedent in respect of case law, which applies in Hong Kong pursuant to the Basic Law, provides that a previous decision of a higher ranking court must be followed if the facts and points of law which arise in a new case are identical or similar to those in a previous case. The Court of Final Appeal’s judgment provides precedent from the highest court in Hong Kong that the Divestment is within the power of HKHA. Accordingly, HKHA is not susceptible to a further attack by way of judicial review on the grounds raised in the Earlier Proceedings and any further judicial review challenge could only succeed on alternative grounds.

Contingency Provisions

The terms of the Global Offering include contingency provisions to ensure, so far as possible, that the Hong Kong Public Offering and the Global Offering may proceed notwithstanding any Future Challenge (or the possibility of any Future Challenge) as described in the section headed “Possibility of Legal Challenge and Related Terms and Conditions of the Global Offering” in this Offering Circular.

Under these contingency provisions, and if any Future Challenge is made or threatened at any time before the Global Offering becomes fully unconditional, further announcements may be made by the Manager by publication in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and in any other such newspapers or media as the Manager may determine. Such announcements may be made expressly referable or supplemental to this Offering Circular and may include changes to the timetable or terms of the Hong Kong Public Offering. Following any such further announcement referred to above (whether or not involving any change to the timetable or terms of the Hong Kong Public Offering), the Manager may grant successful applicants the right to withdraw their applications for such period, and by such method, as may be stated in any announcement. If withdrawal rights are granted, the period allowed for withdrawals will be not less than seven Business Days. The decision whether or not to grant withdrawal rights is and will be in the discretion of the Manager and will be made in light of the circumstances at the time, and subject to the conditions of the Global Offering and the Underwriting Agreements. In making any such decision, the Manager will have regard to the materiality of the new circumstances, and legal advice received with respect to the need (or otherwise) for withdrawal rights to be granted in order to enable the Global Offering to proceed (see the sections headed “Underwriting” and “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” in this Offering Circular).

These contingency provisions have been included because of the possibility of further legal challenges that may disrupt the Hong Kong Public Offering, even where those challenges are ultimately unsuccessful. In particular, because HKHA is a public body, its decisions are susceptible to judicial review. While the risk of further judicial review challenges can be stated in general terms, it is not possible to predict in advance what the nature of a particular judicial review challenge might be. Further, judicial review decisions by the Court are fact-specific and do not necessarily provide authoritative guidance for how judicial review principles would apply in future cases and with what result.

The contingency provisions aim to provide a mechanism whereby any Future Challenge, if it were to occur, can be assessed, and whereby the Hong Kong Public Offering may proceed if deemed appropriate by the Manager having made an assessment of that Future Challenge (taking into consideration legal advice received). HKHA has taken legal advice and believes that any Future Challenge by way of judicial review should be unsuccessful. The Manager has separately considered the possibility of Future Challenge and has concluded that these contingency provisions are appropriate in the circumstances.

If the Manager decides to grant withdrawal rights, it is anticipated that the right to withdraw would be exercisable by successful applicants for a specified period (which will not be less than seven Business Days) following publication of the results of allocations under the Hong Kong Public Offering. This is to enable allocations and refunds for wholly or partially unsuccessful applications to proceed, so far as is possible, as originally scheduled. In addition, the withdrawal mechanism is aimed at ensuring that successful applicants retain their allocations without any need to re-apply in a subsequent new offering, in which the same allocations could not be guaranteed.

The following further features of the contingency provisions arise from the practicalities of implementation:

- (i) any withdrawal rights should be exercised either in full (with respect to all the Units allocated to an applicant) or not at all. Accordingly, there will be no right to withdraw only part of an allocation; and
- (ii) it is intended that Hong Kong Public Offering Units in respect of which any withdrawal rights are exercised would be reallocated to investors under the International Offering. This is due

to the practical difficulties associated with re-allocating these Units to investors as part of the Hong Kong Public Offering at a time when refunds for wholly or partially unsuccessful applications will have been made. The Manager believes that a second public application process for any Hong Kong Public Offering Units in respect of which withdrawal rights have been exercised would result in an unacceptable additional delay which would be unfairly prejudicial to investors who had not exercised the right to withdraw. Accordingly, if withdrawal rights are granted, final allocations of Units between the Hong Kong Public Offering and the International Offering will be adjusted to reflect any withdrawals under the Hong Kong Public Offering.

The Manager considers these features to be appropriate in the circumstances, having regard to the interests of applicants as a whole.

Any withdrawal will be irrevocable once made. Any applicants who validly withdraw will cease to be entitled to any allocation of Units previously made and will not be entitled to reapply.

Unsuccessful applicants under the Hong Kong Public Offering do not need to withdraw and need take no action if withdrawal rights are granted.

In the event that a Future Challenge is made or threatened at any time before the Global Offering becomes fully unconditional, the Global Offering will not proceed unless the Manager considers it appropriate notwithstanding the Future Challenge. The Global Offering will only proceed provided it remains the Directors' view that The Link REIT is suitable for listing. If withdrawal rights are granted, the Directors' views will be included in relevant announcements in light of the circumstances at the time.

Risks for Applicants

If withdrawal rights are granted, it will be the first time in a major Hong Kong public offering. If there are problems with systems or if other logistical problems arise, there is a risk that withdrawals will not be capable, in all cases, of being exercised as envisaged in this Offering Circular or any relevant supplemental announcement.

If any Future Challenge is made or threatened at any time before the Global Offering becomes fully unconditional, the decision whether or not to grant withdrawal rights is a decision which will be made by and in the discretion of the Manager, subject to the conditions of the Global Offering and the Underwriting Agreements. It is not automatic, and there is no assurance, that withdrawal rights will be granted in any case when a Future Challenge is made or threatened. The Manager may proceed with the Hong Kong Public Offering without granting any withdrawal rights, notwithstanding that any Future Challenge is made or threatened.

If a Future Challenge is made or threatened at any time before the Global Offering becomes fully unconditional, the timetable for the Global Offering may be extended and, if withdrawal rights are granted, it will be necessary to extend the timetable to allow for withdrawal rights to be exercised. Based on the initial expected timetable set out in the section headed "Expected Timetable" in this Offering Circular, if withdrawal rights were granted and announced on 24 November 2005 (being the date on which results of allocations are scheduled to be announced), the Listing Date would likely be postponed by at least 20 days, until 15 December 2005 or potentially later. Any extension to the timetable for the Hong Kong Public Offering or Global Offering will require the approval of the SFC and the Hong Kong Stock Exchange. In any event the Listing Date will not be extended beyond 23 December 2005.

Any extension to the timetable for the Global Offering will be announced promptly in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and in any other such newspapers or media as the Manager may determine.

All potential applicants should read carefully the risk factors set out in the section headed "Risk Factors — Risks from Future Challenge" in this Offering Circular.