

Paragraph 7.12 of the REIT Code requires a REIT to distribute to its unitholders as dividends each year an amount not less than 90% of its audited net income after tax.

The Manager's policy is to distribute to Unitholders as dividends an amount equal to 100% of The Link REIT's Total Distributable Income for each financial year. Pursuant to the Trust Deed, The Link REIT is in any event required to ensure that the total amount distributed to Unitholders as dividends for each financial year shall be no less than 90% of Total Distributable Income plus, in its discretion, any additional amount (including capital, in accordance with the accounting policies of The Link REIT) that the Manager determines is distributable. It is possible that Total Distributable Income accruing to Unitholders may exceed total cash available to The Link REIT because of items such as capital expenditure. Accordingly, distributions may need to be funded by cash generated from the sale of assets and/or borrowings made in accordance with the REIT Code. In the event that the total borrowings of The Link REIT reach the borrowing limit prescribed by the REIT Code and The Link REIT does not have sufficient cash to fund distributions, distributions will be accrued until sufficient cash flow is generated to fund those distributions. The REIT Code requires the Manager and the Trustee to ensure that each company used to hold real estate and other assets for The Link REIT for the time being shall distribute to The Link REIT all of such company's income for each financial year as permitted by the laws and regulations of its relevant jurisdiction of incorporation.

For these purposes, and under the terms of the Trust Deed, "Total Distributable Income" is the consolidated audited net profit after tax attributable to Unitholders of The Link REIT and each subsidiary owned by the Trustee on trust for and on behalf of The Link REIT for the relevant financial year adjusted to eliminate the effects of certain Adjustments (as defined below) which have been recorded in the profit and loss account for the relevant financial year.

"Adjustments" means the effects of: (i) unrealised property revaluation gains, including reversals of impairment provisions; (ii) negative goodwill (credited); (iii) realised gains on the disposal of properties; (iv) fair value gains on financial instruments; (v) deferred tax charges/credits in respect of property revaluation movements; and (vi) other material non-cash gains, in each case as recorded in the profit and loss account for the relevant financial year.

Subject to the availability of cash and general business requirements, the Manager's intention is to distribute 100% of its Total Distributable Income. In addition, the Manager also has the discretion to distribute amounts up to the equivalent of any unrealised property revaluation losses and fair value losses on financial instruments, subject to compliance with the gearing level prescribed by the REIT Code, or any other additional amounts at its discretion.

The Link REIT's initial distribution policy is that two distributions will be made in respect of each year, being distributions with respect to the six-month periods ending 31 March and 30 September. Distributions will be paid shortly following the publication of its year-end and the interim results. The Directors anticipate that interim and final distributions will be paid in December and August in each year, respectively. The Link REIT's first dividend after the Listing Date, however, will be for the period from the Listing Date to 31 March 2006 and will be paid before the end of August 2006.

Distributions to Unitholders will be declared and paid in Hong Kong dollars. The Manager may also adopt such rules as it considers appropriate for the reinvestment by Unitholders of any distributions to be made by The Link REIT in return for new Units but no Unitholder shall be obliged to receive Units in lieu of a cash distribution. Under current Hong Kong tax law, distributions may be made free of withholdings or deductions on account of Hong Kong tax. It is understood that, under the Inland Revenue Department's current practice, no tax should be payable in Hong Kong in respect of distributions made by The Link REIT. Unitholders should take advice from their own professional advisers as to their particular tax position.

In respect of distributions to be made for the period from the Listing Date to 31 March 2006 and the financial year ending 31 March 2007, see the section headed "Statements of Distribution" in this Offering Circular.