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The Link Real Estate Investment Trust

*(a Hong Kong unit trust authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(stock code: 823)*

(I) PROPOSED ADOPTION OF LONG-TERM INCENTIVE PLAN AND ONGOING CONNECTED PARTY TRANSACTIONS PURSUANT THERETO

AND

(II) PROPOSED AMENDMENTS TO THE TRUST DEED

The Board wishes to announce that the Manager is proposing to adopt the Plan and to make the Trust Deed Amendments.

Participants of the Plan include connected persons. The grant of Awards under the Plan and the issue of Units to such connected persons pursuant thereto would constitute connected party transactions of The Link REIT under the REIT Code. The Manager has obtained the CPT Waiver from the SFC, under which the SFC has granted a conditional waiver from strict compliance with the relevant disclosure and approval requirements under Chapter 8 and Paragraph 12.2 of the REIT Code in respect of the grant of Awards to connected persons and the issue of Units pursuant to such Awards, in each case in accordance with the Plan. The adoption of the Plan will require the prior approval of Independent Unitholders by way of Ordinary Resolutions.

The Trust Deed Amendments require the prior approval of Unitholders by way of Special Resolutions.

The resolutions to approve the proposed adoption of the Plan and the ongoing connected party transactions pursuant to the Plan and to approve the Trust Deed Amendments will be tabled at the AGM.

The Circular containing, among other things: (1) a letter from the Board to the Unitholders; containing details of the Plan, the ongoing connected party transactions pursuant to the Plan, the Trust Deed Amendments and other related matters; and (2) a letter from the independent financial adviser containing its recommendation to the Independent Unitholders in relation to the proposed adoption of the Plan and the ongoing connected party transactions pursuant to the Plan, will be despatched on or around 28 June 2007.

(I) THE PLAN AND THE ONGOING CONNECTED PARTY TRANSACTIONS PURSUANT THERETO

1. Reasons for Adoption of the Plan

The Manager proposes to adopt the Plan to achieve the following principal purposes:

- (a) to align the interests of the Participants with the achievement of the strategic long-term goals of the Manager for The Link REIT and with the interests of the Unitholders as a whole;
- (b) to enhance The Link REIT's ability to attract and retain talented management and key employees of the Manager whose contributions are essential to the long-term growth and prosperity of The Link REIT and the creation of value for Unitholders; and
- (c) to provide The Link REIT with the ability to incentivise and/or reward the management and key employees of the Manager so as to motivate them to achieve superior performance.

2. Brief description of the Plan

Administration of the Plan

The Plan shall be subject to the administration of the Committee, whose decision shall be final and binding on all parties, in accordance with the provisions of the Plan. As at the date of this announcement, the Committee comprises of three Independent Non-Executive Directors (namely, Mr Michael Ian ARNOLD, Mr Stanley KO Kam Chuen and Mr Patrick SUN), two Non-Executive Directors (Mr John HO Chi On and Mr LIEW Mun Leong) and the Chief Executive Officer of the Manager (Mr Victor SO Hing Woh, an Executive Director).

Subject to any applicable laws and regulations, the Board and/or the Committee, as the case may be, shall have full discretion and power from time to time to waive any conditions applicable to any specific Award other than those in relation to the limit on the number of Units which can be awarded and issued as provided under in Plan as applicable to the Grantee concerned.

Types of Awards and conditions applicable to the Awards

The Plan is an omnibus plan which provides for equity incentives, namely, the Restricted Unit Awards and the Unit Options, and cash incentives, namely, the Conditional Cash Awards. A Conditional Cash Award will only be granted in the Committee's absolute discretion in appropriate cases, and only in conjunction with the grant of a Restricted Unit Award. In the cases where a Conditional Cash Award is granted, it will be subject to the same vesting conditions and the same Vesting Period as the relevant Restricted Unit Award.

In the case of the Restricted Unit Awards, the Committee has full discretion to determine the terms of any vesting conditions. It is expected that such vesting

conditions may, at the Committee's discretion, take into account factors which relate to The Link REIT's financial and/or overall performance, such as the total Unitholder return, distribution per Unit and/or net asset value of The Link REIT.

The Unit Options become exercisable as and when the Option Period commences. The exercise price of a Unit Option shall be determined by the Committee in its absolute discretion, in each case subject to and in accordance with the Plan and the relevant Award Agreements at the time of the grant of the Unit Option and shall be notified to a Participant in the Award Agreement at the time of the grant of the Unit Option. The exercise price of the Unit Option shall not be less than the higher of: (i) the closing price of the Units as stated in the Hong Kong Stock Exchange's daily quotation sheets on the date of grant, which must be a Trading Day; and (ii) the average of the closing prices of the Units as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five Trading Days immediately preceding the date of grant.

A Conditional Cash Award entitles the Grantee to receive, upon satisfaction of the vesting conditions and vesting of the relevant Restricted Unit Award, a cash amount calculated with reference to the respective distributions per Unit during the Vesting Period, taking into account the number of Units in respect of which such Restricted Unit Award has vested, and assuming such Units had been in issue during the Vesting Period.

Determination of the value of the Award

Subject to and in accordance with the terms of the Plan, the Committee may grant Awards on such terms and subject to such conditions as it thinks fit and it shall have the absolute discretion to determine at any time a notional number of Units referable to each selected Participant pursuant to the Plan.

Limits applicable to the Plan

The number of new Units which may be issued pursuant to all Awards granted and yet to be vested or exercised (as the case may be) under the Plan and any other Incentive Schemes shall not, in aggregate, exceed 30% of the number of the Units in issue from time to time.

Subject to the aforesaid limit, the total number of Units which may be issued pursuant to Awards granted under the Plan and any other Incentive Schemes shall not exceed, in aggregate, 10% of the Units in issue as at the date of the adoption of the Plan which is expected to be 213,745,400 Units, and (unless approved pursuant to the relevant provisions of the Trust Deed and the REIT Code and as "refreshed" with an approval from the Unitholders by way of Ordinary Resolution) no Awards shall be granted if such grant will result in the said 10% limit being exceeded.

Duration of the Plan

The term of the Plan is for 10 years commencing on the date of adoption of the Plan which is expected to be on or around the date of the AGM, save and except in the case of early termination contemplated in the Plan.

Status of Units issued pursuant to Restricted Unit Awards and Unit Options

New Units issued upon the vesting of a Restricted Unit Award or the exercise of a Unit Option shall rank *pari passu* in all respects with the existing Units in issue on the date of issue of such new Units or, if that date falls on a day when the register of Unitholders is closed, the first day of the reopening of the register of Unitholders.

Rights attached to Units issued pursuant to Restricted Unit Awards and Unit Options

A Grantee will not have any rights of a Unitholder in respect of the Units to be issued pursuant to an Award unless and until he is registered as the holder of the relevant Units.

3. Potential Ongoing Connected Party Transactions

The potential ongoing connected party transactions

As the Participants include connected persons, the grant of Awards and the issue of Units to such connected persons pursuant to the Plan would constitute connected party transactions of The Link REIT under the REIT Code.

Approval required for Awards to connected persons

Where an Award is proposed to be granted to a Director, the Chief Executive Officer of the Manager or a significant holder of The Link REIT, or any of their respective associates (other than a person who is an associate of such individual only by virtue of the person's employment by the Manager), such Award shall be subject to the prior approval of the Board (such approval to be given by the independent non-executive Directors). All references in the Plan to decisions to be made, conditions which may be imposed, or discretions which may be exercised, by the Committee in relation to an Award to any such person shall likewise be subject to the prior approval of the Board (such approval to be given by the independent non-executive Directors). No Director shall participate in the decision relating to an Award proposed to be granted to him or any of his associates (other than a person who is an associate of such Director only by virtue of the person's employment by the Manager).

Limits applicable to connected persons

Where any proposed grant of an Award to an independent non-executive Director or a significant holder of The Link REIT or any of their respective associates would result in the Units issued and to be issued upon vesting of all Restricted Unit Awards and/or exercise of all Unit Options granted or to be granted (including Awards vested or exercised (as the case may be), cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of all Units in issue; and
- (ii) having an aggregate value, based on the closing price of the Units at the date of such grant, in excess of HK\$5 million,

such further grant of Awards must be approved by Unitholders by way of an Ordinary Resolution. All Participants concerned and their respective associates shall abstain from voting on the relevant resolution.

4. Conditional waiver from strict compliance with the relevant disclosure and approval requirements under Chapter 8 and Paragraph 12.2 of the REIT Code

The Manager has obtained the CPT Waiver from the SFC, under which the SFC has granted a conditional waiver from strict compliance with the relevant disclosure and approval requirements under Chapter 8 and Paragraph 12.2 of the REIT Code in respect of the grant of Awards to connected persons and the issue of Units pursuant to such Awards, in each case in accordance with the Plan.

Pursuant to the CPT Waiver, the grant of Awards to connected persons and the issue of Units pursuant to such Awards need not be subject to the relevant disclosure and approval requirements under Chapter 8 and Paragraph 12.2 of the REIT Code on each occasion they occur. The CPT Waiver will apply for the entire duration of the Plan (including in respect of Awards granted during the 10-year duration of the Plan that are accepted, exercisable and/or to be vested after such duration) and is made on and subject to the following terms and conditions:

- (a) the approval of the adoption of the Plan and the ongoing connected party transactions pursuant to the Plan by the Independent Unitholders, by way of an Ordinary Resolution;
- (b) the Plan having been duly adopted by the Manager in the same form and on the same terms submitted to the SFC on 8 June 2007;
- (c) compliance by The Link REIT with the ongoing disclosure requirements as set out in the CPT Waiver;
- (d) any grant of Awards, and the issue of Units pursuant thereto, to a Director who is appointed as a result of a specific nomination or request (whether pursuant to a contractual entitlement or otherwise) by, or as a result of a specific invitation by the Board to, a Unitholder holding not less than 5% of the Units in issue, or any associate of such Director, shall be subject to prior approval by independent Unitholders by way of an Ordinary Resolution unless otherwise permitted by the SFC (subject to such conditions as the SFC may in its discretion impose);
- (e) the provisions of the Plan in respect of matters stated in Rule 17.03 of the Listing Rules, as if they were applicable to the Plan, shall not be altered to the advantage of the Grantees or prospective Grantees unless with the prior approval of independent Unitholders by way of an Ordinary Resolution;
- (f) any alterations to (i) the terms and conditions of the Plan; (ii) the terms of Awards granted; and (iii) the authority of the directors or the Committee in relation to any alteration to the terms of the Plan, must be approved by the Unitholders by way of an Ordinary Resolution except where the alterations as

stated in (i) and (ii) above take effect automatically under the existing terms of the Plan; and

- (g) the amended terms of the Plan must still comply with the relevant requirements of Chapter 17 of the Listing Rules, as if they were applicable to the Plan.

5. Voting by the Independent Unitholders and advice by the independent financial adviser

The adoption of the Plan and the ongoing connected party transactions pursuant to the Plan are subject to the Independent Unitholders' approval by an Ordinary Resolution. Please refer to resolution (6) in the AGM Notice.

N M Rothschild & Sons (Hong Kong) Limited has been appointed as an independent financial adviser to advise the Independent Unitholders on the proposed adoption of the Plan and the ongoing connected party transactions pursuant to the Plan.

(II) PROPOSED AMENDMENTS TO THE TRUST DEED

Resolutions will be proposed at the AGM to effect certain amendments to the Trust Deed, the principal purposes of which are: (i) to cater for certain arrangements pursuant to the adoption of the Plan; (ii) to cater for the possible issue of Convertible Instruments; (iii) to clarify the manner of application of the general mandate provisions in the event of an issue of new Units pursuant to any Convertible Instruments, an Incentive Scheme, and/or a distribution reinvestment arrangement; (iv) to amend certain provisions relating to the mechanism for determining the issue price of new Units to be in line with market practice; (v) to amend certain provisions relating to the valuation of The Link REIT's real estate investments; (vi) to implement other minor drafting amendments (in relation to the appointment of directors of Special Purpose Vehicles and publication of announcements) to give the Manager greater flexibility; and (vii) to add and to amend certain definitions.

Please refer to the AGM Notice published concurrently with this announcement and the Circular for further details of the Trust Deed Amendments.

Details of the Plan, the ongoing connected party transactions pursuant to the Plan and the Trust Deed Amendments are set out in the Circular. Concurrently, the Manager will also despatch the AGM Notice and the form of proxy for the AGM. The AGM Notice and the Circular will each also, from the date of its despatch, be available on The Link REIT's website at <http://www.thelinkreit.com> and the website of Hong Kong Stock Exchange at <http://www.hkex.com.hk>.

DEFINITIONS

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

AGM The annual general meeting of the Unitholders to be held on 23 July 2007.

AGM Notice	Notice of the AGM.
Administrator	With respect to any particular powers, duties and/or functions in connection with the Plan, means any entity appointed or person delegated at the relevant time by the Committee to assist the Committee in the administration of the Plan in relation to such powers, duties and/or functions.
associate	Has the meaning ascribed to it under the REIT Code.
Award	A Restricted Unit Award, a Unit Option, a Conditional Cash Award, or a combination of any of the foregoing, as the context shall require.
Award Agreement	The agreement between the Manager and the Participant to whom an Award is granted containing the terms and conditions of an Award.
Board	The board of Directors.
Circular	The circular to Unitholders to be despatched on or around 28 June 2007.
Committee	The Human Resources and Compensation Committee of the Board delegated with the power and authority to administer the Plan.
Conditional Cash Award	A conditional right to receive a cash payment(s) granted to a Participant in accordance with the terms of the Plan and the relevant Award Agreement.
connected person	Means a connected person of The Link REIT within the meaning of the REIT Code.
Convertible Instruments	Any securities convertible or exchangeable into Units, or any options or warrants or similar rights for the subscription or issue of Units (or securities convertible or exchangeable into Units), issued by The Link REIT or any Special Purpose Vehicle; and references to an issue of Units “ pursuant to any Convertible Instruments ” means an issue of Units pursuant to exercise of any conversion, exchange and/or subscription or similar rights (as the case may be) under the terms and conditions of such Convertible Instruments.
CPT Waiver	The conditional waiver dated 8 June 2007 granted by the SFC from strict compliance with the REIT Code in respect of the ongoing connected party transactions of The Link REIT arising pursuant to the Plan.

Directors	The directors of the Manager.
Grantee	Any Participant who accepts the offer of the grant of any Award in accordance with the terms of the Plan and the relevant Award Agreement or (where the context so permits) a person entitled to any such Award in consequence of the death of the original Grantee.
HK\$	Hong Kong dollars, being the lawful currency of Hong Kong.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
Incentive Scheme	Any scheme which may be adopted by the Manager from time to time, pursuant to the proposed new Clause 8.1.6 of the Trust Deed, for the purpose of providing equity or equity-linked incentives to management, executives and/or employees of the Manager or any Special Purpose Vehicle (provided that such Special Purpose Vehicle is wholly-owned by the Trustee) or to other specified participants, whether such incentives are in the form of options over Units or otherwise.
Independent Unitholders	The Unitholders eligible to attend and vote at the AGM, other than those who (or whose associates) would as at the date of the AGM be Participants under the Plan if adopted.
Manager	The Link Management Limited, as the manager of The Link REIT; but when used in section (I) of this announcement, the “ Manager ” shall mean the manager of The Link REIT for the time being that is a wholly-owned subsidiary of the Trustee.
Option Period	In relation to the relevant Unit Option, the period during which a Unit Option may be exercised by a Grantee in accordance with the terms of the Plan and the relevant Award Agreement.
Ordinary Resolution	A resolution of Unitholders passed by a simple majority of the votes of those present and entitled to vote, whether in person or by proxy, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding not less than 10% of Units in issue.
Participant	An individual being a Director or a key employee of the Manager who is eligible under the Plan.

Plan	The long-term incentive plan proposed to be adopted by the Manager in its present or any amended form. A summary of the terms of the Plan is set out in Appendix I of the Circular.
REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified from time to time.
Restricted Unit Award	A conditional right to receive Units granted to a Participant in accordance with the terms of the Plan and the relevant Award Agreement.
SFC	The Securities and Futures Commission of Hong Kong.
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time.
significant holder	Has the meaning ascribed to it under the REIT Code.
Special Purpose Vehicle	Has the meaning set out in Clause 12.4.1 of the Trust Deed.
Special Resolution	A resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those present and entitled to vote, whether in person or by proxy, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 25% of the Units in issue.
The Link REIT	The Link Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO, and where the context requires, includes companies owned and controlled by it.
Trading Day	Any day on which the Hong Kong Stock Exchange is open for the business of dealing in securities.
Trust Deed	The trust deed dated 6 September 2005 between the Trustee and the Manager constituting The Link REIT, as amended from time to time by supplemental deed(s).
Trust Deed Amendments	The proposed amendments to the Trust Deed as set out in the proposed special resolutions in the AGM Notice.

Trustee	HSBC Institutional Trust Services (Asia) Limited, as the trustee of The Link REIT, or any successor thereof as the trustee of The Link REIT, as the context requires.
Unit	A unit of The Link REIT.
Unit Option	An option to subscribe for Units granted to a Participant in accordance with the terms of the Plan and the relevant Award Agreement.
Unitholder	a person registered as holding a Unit.
Vesting Period	In relation to a Restricted Unit Award, the period commencing from the date of grant to the date of vesting of a Restricted Unit Award, which is to be determined in accordance with the terms of the Plan and to be stated in the Award Agreement; and in relation to a Conditional Cash Award, the Vesting Period of the relevant Restricted Unit Award.
%	Per centum or percentage.

By order of the board of directors of
The Link Management Limited
(as Manager of The Link Real Estate Investment Trust)
Nicholas Robert SALLNOW-SMITH
Chairman

Hong Kong, 26 June 2007

As at the date of this announcement, the board of directors of the Manager is comprised as follows: The Chairman (who is also an Independent Non-Executive Director) is Mr Nicholas Robert SALLNOW-SMITH. The Executive Directors are Mr Victor SO Hing Woh and Mr CHEW Fook Aun. The Non-Executive Directors are Mr John HO Chi On, Mr LIEW Mun Leong and Mr PUA Seck Guan. The Independent Non-Executive Directors are Mr Michael Ian ARNOLD, Mr Leslie CHAO Tse Hou, Mr Anthony CHOW Wing Kin, Dr Patrick FUNG Yuk Bun, Mr Stanley KO Kam Chuen, Dr Harry LEE Nai Shee, Mr Patrick SUN and Dr Allan ZEMAN.