THE PROPERTIES

Overview

The Retail Facilities comprise Hong Kong's largest retail properties portfolio to be held by a single owner in terms of IFA. As at the date hereof, the portfolio comprises 180 properties, of which 149 are integrated retail and carpark facilities, two are standalone retail facilities and 29 are standalone carpark facilities.

As at 31 July 2005, the portfolio had an IFA of approximately 960,000 sq.m. of retail space (estimated to account for 9.1% of Hong Kong's total retail space based on the latest annual property review published in 2005 by the Rating and Valuation Department of the Government and information supplied by the Housing Society(1) and HKHA). The Independent Property Valuer has adopted an IFA of approximately 1,001,400 sq.m. (see the summary of the Valuation Reports in Appendix IV to this Offering Circular). Both these IFAs have been calculated on the same basis. However, the Independent Property Valuer has included in the calculation of its IFA certain additional retail areas, such as office space to be leased back to HKHA pursuant to the Leaseback and Licence Agreement, which were not previously available for commercial letting purposes.

Based on information available at 30 September 2003, the portfolio had carpark spaces which were estimated to account for 13.7% of Hong Kong's total commercial carpark spaces(2). For the year ended 31 March 2005, the RC Operations generated HK$3,696 million in total revenues.

For the year ended 31 March 2005, approximately 40.9% of the RC Operations' total revenues was attributable to the Top 25 Properties. This group of 25 Properties is being used for the purposes of this Offering Circular to show certain information concerning the Properties. Key operating data in respect of the Top 25 Properties is summarised in the table on pages 143 to 146. For further information in respect of the entire portfolio of Properties, see Appendix V to this Offering Circular.

The Properties comprise Retail Facilities that the Manager believes serve the daily needs of both the residents of the Adjacent Housing Estates (which house approximately 40% of Hong Kong's population) and other visitors, and carparks that serve the tenants and customers of such retail facilities, the residents of the surrounding neighbourhoods and other visitors.

Under the Property Agreement, it is recognised that where legal title to 24 of the List 1 Properties and all the List 2 Properties is to be transferred to PropCo after Principal Completion, some adjustments may need to be made to the final legal boundaries of such Properties for technical reasons or as a result of the processing of the deeds of mutual covenant or other documents of title or as required by the Government. In certain circumstances, if the market value of any Property at the time the legal interest is transferred (as determined by an independent valuer) is adversely affected by any such adjustments, HKHA is required to pay the difference in value to PropCo by way of compensation. There is no equivalent obligation on PropCo to pay the difference in value to HKHA if the market value of any such Property at the time the legal interest is transferred (as determined by such independent valuer) is increased by such adjustments. See the section headed "Material Contracts and Other Documents and Information — Agreements Relating to the Acquisitions of the Properties — Property Agreement" in this Offering Circular.

Geographic Spread

The Properties are located throughout Hong Kong Island, Kowloon and the New Territories (including Lantau Island), as indicated on the map set out inside the front cover of this Offering Circular.

In respect of the Carpark Facilities, about 90% of monthly users are either residents of the Housing Estates or tenants of the various Retail Facilities while the remaining 10% are non-resident or non-tenant users. See the sub-section headed "The Carpark Facilities" below for further details relating to the user profile for the Carpark Facilities.

(1) Source: Information on public retail space provided by the Housing Society in November 2004.

(2) Source: Environment, Works and Transport Bureau — Based on a total of 78,330 carpark spaces within the portfolio and a total of 570,600 parking spaces available for private cars, goods vehicles, motorcycles, and coaches in each case, as at 30 September 2003.

Competitive Strengths of the Portfolio

The Manager believes that the portfolio comprising the Properties has the following fundamental strengths:

- ***Scale and diversity.*** With 180 Properties, an IFA of approximately 960,000 sq.m. of retail space and around 79,000 carpark spaces, the portfolio is well-diversified with minimal dependency on any single Property. The largest Property, Lok Fu, accounted for a relatively low 3.8% of the total revenue of the entire portfolio for the year ended 31 March 2005. The 10 largest Properties contributed 20.9% of total revenues for the year ended 31 March 2005.
- ***Focus on essential goods and services.*** The tenants of the Properties generally focus on providing essential consumer goods and services and primarily target consumers within the Adjacent Housing Estates.
- ***Extensive reach across Hong Kong.*** The portfolio's assets are spread throughout Hong Kong, serving the daily needs of residents of the Adjacent Housing Estates (which house approximately 40% of Hong Kong's population) and other visitors.
- ***Convenient and strategic locations.*** The Properties are located within Housing Estates and therefore benefit from a large neighbourhood shopper base. In addition, all the Properties are well served by public transportation systems.
- ***Stable occupancy and utilisation levels.*** The occupancy and utilisation rates of the RC Operations reflect sustainable and consistent levels of demand for the retail shops and carpark spaces of the Properties. Occupancy rates for the Retail Operations were approximately 90.7%, 91.9% and 91.4% as at 31 March 2004, 31 March 2005 and 31 July 2005, respectively. Utilisation rates of the Carpark Operations were 73.9%, 72.8%, and 72.9% as at 31 March 2004, 31 March 2005 and 31 July 2005, respectively.
- ***Diverse tenant base.*** The Retail Facilities benefit from a large and diverse tenant base comprising approximately 9,200 individual Leases. The major tenants include some of Hong Kong's most well-known retailers such as Wellcome, Manning's, 7-Eleven, Park'n Shop, Watson's, McDonald's, Café de Coral, Fairwood, Maxim's Chinese Restaurant and Circle K. Other well-known retail tenants include Baleno and Starbucks.

Valuation

The Properties have been valued by CB Richard Ellis Limited, the Independent Property Valuer. As at 30 September 2005, the aggregate market values of the Retail Facilities and the Carpark Facilities were HK$27,257 million and HK$6,545 million, respectively. The valuations are estimates made by the Independent Property Valuer in accordance with the "Hong Kong Institute of Surveyors Valuation Standard on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors and the international definition of market value as advocated by the Royal Institute of Chartered Surveyors. The valuations were primarily based on both discounted cash flow and the capitalisation of rentals. In arriving at its valuation opinion, the Independent Property Valuer has also considered recent sales and leasing transactions of comparable properties that have occurred in the retail property and carpark markets in Hong Kong.

The Independent Property Valuer's valuations and corresponding initial yields for the Retail Facilities, the Carpark Facilities and the total portfolio of the Properties are summarised below:

	Valuation (HK$'M)	Initial yield(1) (%)
Retail Facilities	27,256.9	6.6
Carpark Facilities	6,545.5	7.8
Total portfolio of Properties	**33,802.4**	**6.8**

Note:

(1) Initial yield is calculated on the total valuation of the Retail Facilities or the Carpark Facilities and the corresponding annualised 30 September 2005 net passing income of these facilities (annualised net passing income was determined by multiplying the monthly net passing income for 30 September 2005 by 12).

For further details of the valuation of the Properties, see the summary of the Valuation Reports in Appendix IV to this Offering Circular and the risk factor headed “The valuation analysis may prove to be unrepresentative of an investment in The Link REIT” in this Offering Circular.

Details of the Properties

Revenues Distribution

For the year ended 31 March 2005, the RC Operations generated total revenues of HK$3,696 million. The top 10, 20, 30 and 40 RC Operations in terms of revenues comprised 20.9%, 34.9%, 46.1% and 55.2%, respectively, of total revenues for the year ended 31 March 2005.

The following table sets out details of the total revenues derived from the RC Operations for the year ended 31 March 2005:

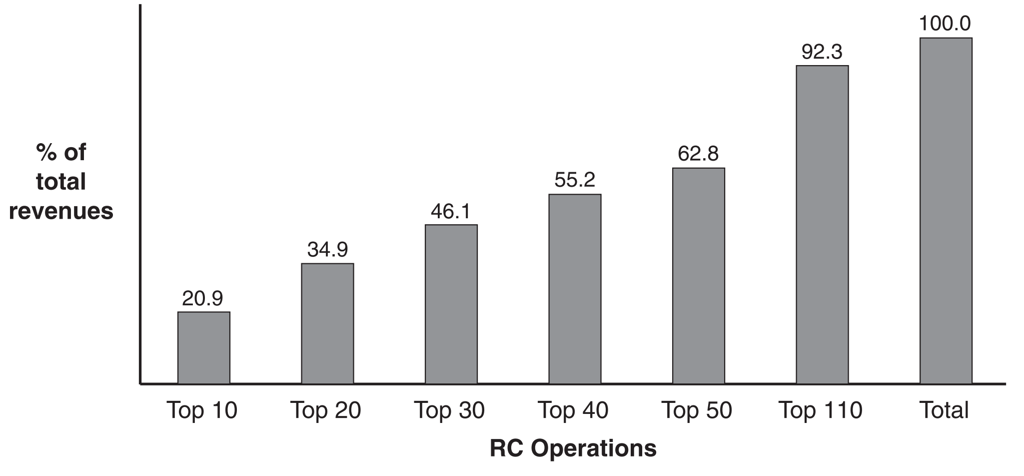
RC Operations (by estate)[(1)]	IFA (as at 31 July 2005)	Rental and other income from Retail Operations	Gross receipts and other income from Carpark Operations	Total revenues	% of total revenues	Cumulative % of total revenues
	(sq.m.)	(HK$'M)	(HK$'M)	(HK$'M)	(%)	(%)
Top 40 RC Operations						
Lok Fu	37,161	126.4	14.1	140.5	3.8	3.8
Sheung Tak	11,384	69.1	17.9	87.0	2.4	6.2
Sau Mau Ping	14,246	81.8	—	81.8	2.2	8.4
Tsz Lok (Tsz Wan Shan SC)	19,819	60.0	16.7	76.7	2.1	10.4
Tin Chung (Chung Fu Shopping Ctr)	21,029	60.6	7.6	68.2	1.8	12.3
Kai Tin	16,526	59.2	6.7	65.9	1.8	14.1
Hau Tak II	15,354	53.1	12.5	65.6	1.8	15.8
Lower Wong Tai Sin II (WTS SC)	14,410	50.8	11.7	62.5	1.7	17.5
Upper Wong Tai Sin (Lung Cheung Mall)	11,826	55.5	6.9	62.4	1.7	19.2
Tin Chak	12,694	57.4	2.6	60.0	1.6	20.9
Cheung Fat	13,953	47.4	9.8	57.2	1.5	22.4
Leung King	17,414	48.6	6.6	55.2	1.5	23.9
Tai Wo	13,683	45.6	9.4	55.0	1.5	25.4
Butterfly	15,290	51.4	3.6	55.0	1.5	26.9
Choi Ming	8,146	46.5	7.8	54.3	1.5	28.3
Chuk Yuen (South)	12,901	42.4	8.8	51.2	1.4	29.7
Wo Che	16,703	36.3	12.3	48.6	1.3	31.0
Oi Man	15,200	40.3	8.0	48.3	1.3	32.3
Ma Hang (Stanley Plaza)	8,363	36.6	11.3	47.9	1.3	33.6
Tin Yiu I	7,244	41.1	6.5	47.6	1.3	34.9
Siu Sai Wan	8,599	37.4	7.7	45.1	1.2	36.1
Tak Tin	8,363	33.2	11.8	45.0	1.2	37.4
Tin Shing	7,418	33.0	10.9	43.9	1.2	38.6
Choi Wan I	14,279	34.7	8.6	43.3	1.2	39.7
Choi Yuen	12,076	26.3	16.6	42.9	1.2	40.9
Ho Man Tin (Ho Man Tin Plaza)	9,192	34.2	7.1	41.3	1.1	42.0
Yat Tung	17,860	35.6	4.2	39.8	1.1	43.1
Chung On	7,051	26.7	12.0	38.7	1.0	44.1
Heng On	9,928	29.8	7.7	37.5	1.0	45.1
Tin Shui II	6,193	28.2	7.6	35.8	1.0	46.1
Sha Kok	10,247	27.1	8.5	35.6	1.0	47.1
Po Tat	6,816	30.0	5.3	35.3	1.0	48.0
Oi Tung	7,536	26.1	8.4	34.5	0.9	49.0
Shun Lee	18,307	25.6	8.7	34.3	0.9	49.9
Kwong Yuen	6,964	24.0	9.9	33.9	0.9	50.8

RC Operations (by estate)[1]	IFA (as at 31 July 2005)	Rental and other income from Retail Operations	Gross receipts and other income from Carpark Operations	Total revenues	% of total revenues	Cumulative % of total revenues
	(sq.m.)	(HK$'M)	(HK$'M)	(HK$'M)	(%)	(%)
Cheung Hong	11,880	24.8	8.8	33.6	0.9	51.7
Fu Tung	8,861	25.6	6.8	32.4	0.9	52.6
Fu Shin	9,023	26.6	5.7	32.3	0.9	53.5
Hin Keng	8,855	26.0	5.7	31.7	0.9	54.4
Fung Tak	6,725	23.5	7.7	31.2	0.8	55.2
41 – 50[1]	83,174	225.2	55.7	280.9	7.6	62.8
51 – 60[1]	77,017	193.4	54.0	247.4	6.7	69.5
61 – 85[1]	140,361	357.9	148.7	506.6	13.7	83.2
86 – 110[1]	105,164	216.4	121.3	337.7	9.1	92.3
111 – 135[1]	41,218	60.9	106.9	167.8	4.5	96.8
136 – 160[1]	12,432	12.8	70.3	83.1	2.2	99.1
161 – 180[1]	1,756	1.8	31.6	33.4	0.9	100.0
Total	**960,641**	**2,756.9**	**939.0**	**3,695.9**	**100.0**	**100.0**

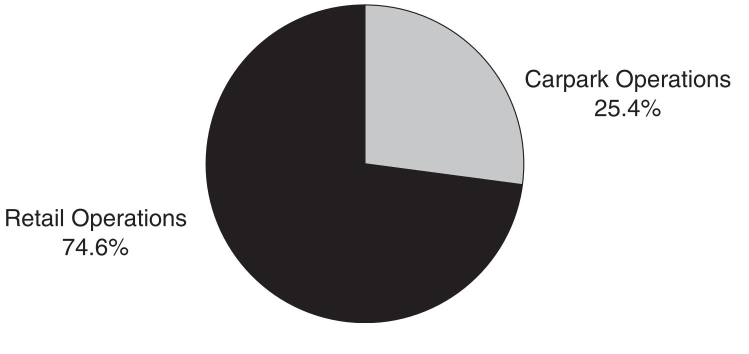
Note:

(1) Ranked by total revenues.

The following chart illustrates the percentage of the total revenues derived from the top 10, 20, 30, 40, 50 and 110 RC Operations (by revenue) for the year ended 31 March 2005:



As illustrated by the chart below, for the year ended 31 March 2005, 74.6% of the total revenues of the RC Operations comprised rental and other income from the Retail Operations (HK$2,757 million), whilst 25.4% comprised gross receipts and other income from the Carpark Operations (HK$939 million):



Size

Retail IFA

In relation to the Retail Facilities, IFA refers to the approximately 960,000 sq.m. of space currently available to generate rental income from letting to retail tenants as at 31 July 2005. This space excludes 114,000 sq.m. of additional space which has previously been unavailable for commercial letting or used for ancillary income generating purposes.

The additional space excluded from the calculation of IFA includes certain office units with approximately 37,000 sq.m. of office space which has previously been occupied by HKHA on a non-rent-paying basis, but which will become rent-paying after the Listing Date because with effect from the Listing Date, HKHA will enter into a two-year lease (subject to surrender rights) over approximately 12,000 sq.m. of such office space with the residual area to be occupied by HKHA on a monthly licence basis. See the sub-section headed "Details of the Retail Facilities — Tenant Profile — Top 10 Tenants" below for further details. Additionally, certain areas, having a total area of approximately 77,000 sq.m., are used for ancillary income generating purposes, such as promotion venues, base stations, storerooms or storage areas, public telephones, vending machines, advertising showcases and contractors' offices. These areas generate a certain amount of revenue recorded as "rental income from the Retail Facilities" in the Audited Financial Statements. Taking into account these additional areas, the Retail Facilities contain a total of approximately 1,074,000 sq.m. of IFA.

The table below sets out the size of the 151 Retail Facilities as at 31 July 2005, where 28 (18.6%) have IFAs greater than 10,000 sq.m. These 28 Retail Facilities accounted for 43.4% of the total IFA of the portfolio of Retail Facilities and 45.1% of the total annualised rental income of the Retail Facilities based on the monthly base rent for July 2005(1).

Size of Retail Facility (IFA in sq.m.)	Retail Facilities		IFA		Annualised rental income	
	(No.)	(%)	(sq.m.)	(%)	(HK$'M)	(%)
Above 10,000	28	18.6	416,863	43.4	1,183	45.1
8,001 – 10,000	18	11.9	160,574	16.7	486	18.5
6,001 – 8,000	26	17.2	179,470	18.7	473	18.1
4,001 – 6,000	21	13.9	103,897	10.8	260	9.9
2,001 – 4,000	23	15.2	70,187	7.3	167	6.4
1,001 – 2,000	12	8.0	18,061	1.9	35	1.3
501 – 1,000	13	8.6	9,897	1.0	14	0.5
500 and below	10	6.6	1,692	0.2	4	0.2
Total	**151**	**100.0**	**960,641**	**100.0**	**2,622**	**100.0**

Note:

(1) Annualised rental income is determined by multiplying the monthly base rent for July 2005 by 12. The monthly base rent figure for July 2005 does not take into account rent relief given to tenants due to slow population intake at certain Housing Estates. After adjusting for such rent relief, the total annualised rental income would be reduced from HK$2,622 million to approximately HK$2,557 million. However, the rent relief given to tenants expired for two of the Housing Estates on 31 July 2005 and for another Housing Estate on 15 September 2005. Using the full base rent figure (without rent relief) to calculate the annualised rental income for these three estates, the total annualised rental income would be approximately HK$2,619 million. See the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Circular for further details of the rent relief scheme.

The 178 Carpark Facilities have an average of 446 carpark spaces. 32% of the Carpark Facilities have between 301 and 500 carpark spaces.

The following table sets out the size of the Carpark Facilities:

Size of Carpark Facilities (No. of spaces)	Carpark Facilities (No.)	Carpark Facilities (%)	No. of spaces as % of total spaces (%)	Gross receipts for the year ended 31 March 2005 (HK$'M)	Gross receipts for the year ended 31 March 2005 (%)
Above 900	10	5.6	15.2	99.7	10.6
701 to 900	16	9.0	14.7	128.0	13.7
501 to 700	36	20.2	27.1	251.3	26.8
301 to 500	57	32.0	28.9	298.6	31.8
101 to 300	48	27.0	13.2	146.9	15.7
100 or below	11	6.2	0.9	13.5	1.4
Total	**178**	**100.0**	**100.0**	**938.0**	**100.0**

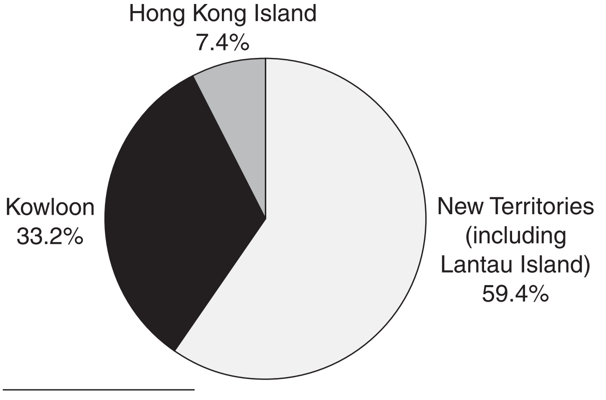
Location and Reach

The Properties are located within Housing Estates that are spread across Hong Kong Island, Kowloon and the New Territories (including Lantau Island).

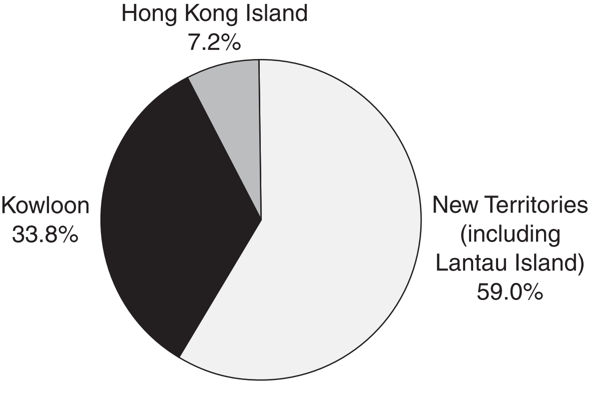
Retail Facilities

Of the 151 Retail Facilities, 86 are located in the New Territories (including Lantau Island), 50 are located in Kowloon and 15 are located on Hong Kong Island. As illustrated by the chart below, Retail Facilities located in the New Territories (including Lantau Island), Kowloon and on Hong Kong Island are estimated to account for 59.4%, 33.2% and 7.4%, respectively, of the IFA of the Retail Facilities as at 31 July 2005 and 59.0%, 33.8% and 7.2%, respectively, of the total annualised rental income of the Retail Facilities, based on the monthly base rent for July 2005[(1)].

Breakdown by IFA



Breakdown by rental income



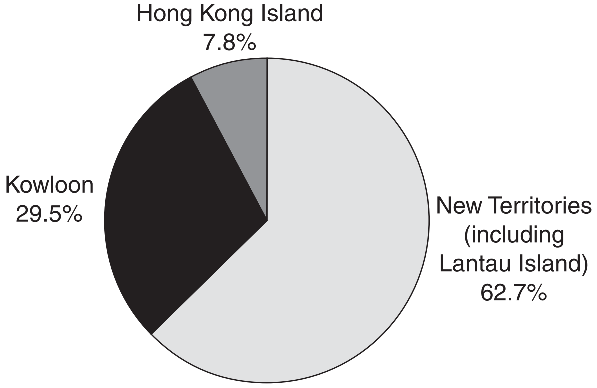
Note:

(1) Annualised rental income is determined by multiplying the monthly base rent for July 2005 by 12. The monthly base rent figure for July 2005 does not take into account rent relief given to tenants due to slow population intake at certain Housing Estates. After adjusting for such rent relief, the total annualised rental income would be reduced from HK$2,622 million to approximately HK$2,557 million. However, the rent relief given to tenants expired for two of the Housing Estates on 31 July 2005 and for another Housing Estate on 15 September 2005. Using the full base rent figure (without rent relief) to calculate the annualised rental income for these three estates, the total annualised rental income would be approximately HK$2,619 million. See the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Circular for further details of the rent relief scheme.

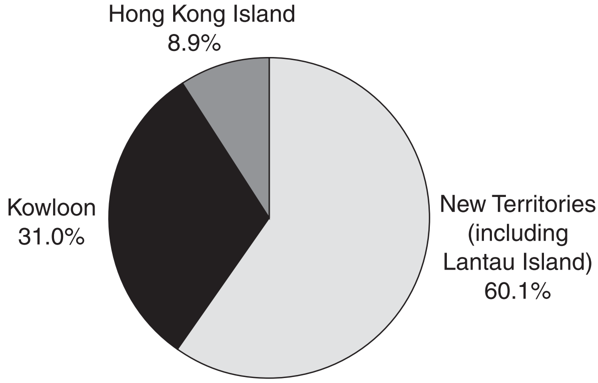
Carpark Facilities

Of the 178 Carpark Facilities, 101 are located in the New Territories (including Lantau Island), 61 are located in Kowloon and 16 are located on Hong Kong Island. As illustrated by the chart below, Carpark Facilities located in the New Territories (including Lantau Island), Kowloon and on Hong Kong Island accounted for 62.7%, 29.5% and 7.8%, respectively, of the Carpark Facilities' total carpark spaces as at 31 March 2005 and 60.1%, 31.0% and 8.9%, respectively, of the gross receipts from the Carpark Facilities for the year ended 31 March 2005.

Breakdown by number of carpark spaces



Breakdown by gross receipts



Age

Approximately 53% of the Properties were built after 1990. The average age of the Properties weighted by total revenue for the year ended 31 March 2005 is 15 years. The following table provides details of the age profile of the Properties:

Year built	No. of integrated retail and carpark facilities	No. of standalone Retail Facilities	No. of standalone Carpark Facilities	No. of Properties Total	No. of Properties (%)	% of income for the year ended 31 March 2005 (%)
Prior to 1981	17	0	0	17	9.4	12.8
1981-1985	26	0	4	30	16.7	18.7
1986-1990	29	0	9	38	21.1	17.7
1991-1995	30	1	7	38	21.1	15.5
1996-2000	31	1	3	35	19.5	21.1
2001-2005	16	0	6	22	12.2	14.2
Total	**149**	**2**	**29**	**180**	**100.0**	**100.0**

The Manager will assess all centres within its portfolio for enhancement potential. Older centres may present opportunities to benefit from potential rental upside from refurbishment or enhancement, particularly for well-located centres with larger catchment sizes and the potential to improve market share of shopper spending within the catchment. Older centres serving smaller local and estate catchments may not be able to demonstrate the same level of upside from a more comprehensive refurbishment and, in these cases the Manager's capital expenditure strategy will be to ensure ongoing effective maintenance and management. See the sub-section headed "Asset Enhancements" below.

Competition

Retail Facilities

Whilst the threat of competition is always a risk, there are a number of features of the Retail Facilities that afford protection against current and future competition. These are:

- ***Location.*** The Properties hold key locations within or close to the Adjacent Housing Estates and as such provide convenient shopping for the residents of the Adjacent

Housing Estates who constitute the primary catchment of the Properties. In addition, all the Retail Facilities are served by public transportation systems which add to the ease of shopper access.

- ***Catering to the daily needs of shoppers.*** The Retail Facilities cater mainly to the daily necessities and convenience needs of the Adjacent Housing Estates' residents. The Manager believes that proximity to, and ease of accessibility by, their customer bases are important competitive advantages of the Retail Facilities.

- ***Unavailability of sites a barrier to entry.*** The Retail Facilities are mainly located in densely built areas and, as such, the general lack of development sites in their immediate vicinities limits the threat of new competition.

Thus, the Manager believes it is unlikely that the Retail Facilities will come under significant pressure in the future from newly built shopping centres competing aggressively for tenants.

Analysis of the Property Consultant

The following table summarises the results of the Property Consultant's analysis of the Retail Facilities across 10 areas in Hong Kong. For each area, the table summarises the Retail Facilities' IFA as a percentage of the total retail floorspace within that area. In addition, the Property Consultant has provided an estimate of the additional private retail floorspace which is anticipated to be completed in the period to end 2008. This has been used together with the forecast population growth to calculate the ratio of future retail floorspace per resident in each of the areas analysed. The analysis highlights that Kowloon West, Kowloon East, Tseung Kwan O and Tsing Yi, Kwai Chung and Tsuen Wan are likely to experience the largest increases in retail floorspace over this period. Retail floorspace per resident is, however, forecast to remain relatively stable in these areas, indicating that the additional supply is largely offset by the expected increase in the populations of these areas. However, localised areas with an oversupply of retail floorspace remain a possibility within these areas. Overall retail floorspace per resident is forecast to remain relatively stable and the Property Consultant believes it is unlikely that any major imbalances will develop in the supply and demand of retail floorspace over the period to end 2008.

The Property Consultant's Competition Analysis by Area

	Hong Kong Island	Kowloon Central	Kowloon East	Kowloon West	Sha Tin/ Ma On Shan	Sheung Shui/ Fanling/Tai Po	Tseung Kwan O	Tsuen Wan/ Kwai Chung/ Tsing Yi/ Tung Chung	Tuen Mun	Yuen Long/ Tin Shui Wai	Overall
Retail Facilities' floorspace (IFA)[(1)(7)]	71,046 sq.m.	162,105 sq.m.	125,010 sq.m.	32,223 sq.m.	129,907 sq.m.	91,975 sq.m.	63,085 sq.m.	118,639 sq.m.	99,334 sq.m.	67,317 sq.m.	**960,641 sq.m.**
Retail Facilities' floorspace (IFA) as a % of total retail supply in each area[(2)]	2.3%	15.8%	20.4%	1.2%	28.3%	19.9%	22.9%	11.6%	24.4%	14.9%	**9.1%**
Vacancy rate of Retail Facilities[(3)(7)]	6.1%	8.5%	9.6%	12.0%	7.5%	8.9%	5.7%	8.9%	6.4%	3.5%	**7.8%**
Private sector vacancy rate[(8)]	8.4%	11.2%	21.9%	10.5%	7.1%	5.9%	16.5%	16.9%	10.6%	8.8%	**10.8%**
Retail Facilities' average rental levels/ sq.m.[(4)(7)]	$265	$260	$326	$192	$240	$236	$335	$266	$231	$340	**$269**
Average private rental levels/sq.m.[(8)]	$884	$1,015	$1,015	$1,015	$669	$669	$669	$669	$669	$669	**$881**
Retail Facilities' floorspace (IFA) per resident[(5)(7)]	0.4 sq.m.	0.5 sq.m.	0.5 sq.m.	0.4 sq.m.	0.5 sq.m.	0.4 sq.m.	0.5 sq.m.	0.4 sq.m.	0.5 sq.m.	0.4 sq.m.	**0.4 sq.m.**
Private retail floorspace per resident[(8)(9)]	2.4 sq.m.	1.1 sq.m.	0.8 sq.m.	3.9 sq.m.	0.5 sq.m.	0.6 sq.m.	0.5 sq.m.	1.0 sq.m.	0.6 sq.m.	0.7 sq.m.	**1.4 sq.m.**
Proposed private supply to 2008[(6)(10)]	7,000 sq.m.	55,000 sq.m.	66,400 sq.m.	103,000 sq.m.	—	—	58,000 sq.m.	60,000 sq.m.	—	15,000 sq.m.	**364,400 sq.m.**
Future Retail Facilities' floorspace (IFA) per resident[(5)(7)]	0.4 sq.m.	0.5 sq.m.	0.4 sq.m.	0.4 sq.m.	0.5 sq.m.	0.4 sq.m.	0.5 sq.m.	0.4 sq.m.	0.4 sq.m.	0.4 sq.m.	**0.4 sq.m.**
Future private retail floorspace per resident[(10)(11)]	2.4 sq.m.	1.2 sq.m.	0.9 sq.m.	3.9 sq.m.	0.5 sq.m.	0.6 sq.m.	0.6 sq.m.	1.0 sq.m.	0.6 sq.m.	0.7 sq.m.	**1.4 sq.m.**

Notes:

(1) *The Property Consultant has taken into account all floorspace within the Retail Facilities, excluding ancillary floorspace, as at 30 September 2005.*

(2) *Retail Facilities' floorspace (IFA) is as at 30 September 2005. Total retail supply in each area is as at 31 December 2004 as per Rating and Valuation 2005 Property Review plus the Retail Facilities' floorspace (IFA) and the Housing Society Retail floorspace. The Housing Society is a non-government organisation that aims to serve the needs in housing and related services of low income Hong Kong residents.*

(3) *Vacancy rates are presented for 31 December 2004 to make the comparison with Rating and Valuation 2005 Property Review which covers the end of 2004.*

(4) *Excludes Government/welfare lettings and rentals to kindergartens at non-market rents. Values refer to base rent as at 31 July 2005.*

(5) *Resident here refers to residents of the Housing Estates within which the Retail Facilities are located.*

(6) *Only includes centres larger than 5,000 sq.m. anticipated to be completed before the end of 2008. Based on IFA and using an IFA to GFA ratio of 0.65.*

(7) *Source: HKHA.*

(8) *Source: Rating and Valuation 2005 Property Review.*

(9) *Source: Population and Household Statistics 2004, C&SD.*

(10) *Source: Estimated IFA as per the Property Consultant.*

(11) *Source: Projections of Population Distribution 2004 — 2013, Planning Department of the Government.*

Carpark Facilities

The Hong Kong carpark market is currently oversupplied in certain areas. This oversupply has caused some downward pressure on overall carpark rates over recent years. The Carpark Facilities remain competitively well-positioned, however, by virtue of their location within the Housing Estates and the resulting underlying demand from residents of, and visitors to, the Housing Estates and from tenants of and shoppers at the Retail Facilities. For additional information on the Hong Kong carpark market, see "Carpark Market Analysis" in Appendix IX to this Offering Circular.

For more information on the Properties, see Appendix V and the summary of the Valuation Reports in Appendix IV to this Offering Circular.

Asset Enhancements

Introduction

The Manager believes that opportunities exist to improve the income returns and asset values of the Retail Facilities by physical enhancement works or other means, particularly for the key assets which are typically larger in scale.

The Property Consultant was commissioned to conduct detailed asset enhancement opportunity assessments in respect of eight shopping centres within the Retail Facilities. The IFA, GFA and building efficiency of each of these shopping centres are set out in the table below:

Shopping Centre	IFA	GFA	Building efficiency
	(sq.m.)	(sq.m.)	(%)
Tsz Wan Shan Shopping Centre	19,819	36,683	54.0
Hau Tak Shopping Centre	15,354	29,477	52.1
Lung Cheung Mall	11,827	25,245	46.8
Tai Wo Shopping Centre(1)	13,683	23,864	57.3
Stanley Plaza	8,363	16,857	49.6
Lok Fu Shopping Centre(1)	37,161	63,003	59.0
Chung On Shopping Centre	7,051	13,609	51.8
Choi Ming Shopping Centre (including the recent extension within the Kin Ming estate)	8,146	12,241	66.5
Average			**54.9**

Note:

(1) Tai Wo Shopping Centre and Lok Fu Shopping Centre are mature centres due for renovations.

Basis of Selection of Properties

These eight shopping centres were chosen by the Property Consultant and the Manager because, as stated in the Property Consultant's letter in relation to its asset enhancement study set out in Appendix VII to this Offering Circular, they represent the higher value shopping centres and are mostly ranked within the top 30 Retail Facilities in terms of their total annual revenue generation. As such, they are generally among the larger shopping centres within the Retail Facilities. These opportunities may not be applicable to the shopping centres in all the Retail Facilities, and not all opportunities are applicable to any one shopping centre.

The building efficiencies of the eight shopping centres range from 46.8% to 66.5%. The Manager believes that a lower building efficiency ratio may be indicative of overly generous common areas, inefficient layout or other design features of the shopping centre which provide an opportunity to increase the amount of rent-generating IFA within the shopping centre. This needs to be balanced against any potential impact on the amenity of the shopping centre for shoppers and the ease of traffic flow around the shopping centre. The Manager, as with all investment and enhancement projects, will carefully analyse the capital cost and expected investment return from any IFA enhancement scheme and, where applicable, obtain all necessary building or other approvals from the relevant authorities to effect such scheme.

The Manager and the Property Consultant agree that these general asset enhancement concepts are in line with the Manager's business strategy. The Manager's enhancement strategy is focused in particular on those shopping centres with relatively greater upside potential by virtue of location, catchment size and market share. These may be older District Centres or Local Centres with a lower average rent profile that are not currently taking advantage of their larger catchment areas. Refurbishment of the shopping centres and improvement in the standard and appeal of tenant fitouts, shopfronts and store concepts will reposition the shopping centres and attract shoppers across a broader age range, and thereby increase the rent potential of the shopping centres.

All refurbishment and renovation enhancements will be subject to required building and planning approvals. In addition, the Manager will need to plan and implement the execution of the enhancements in accordance with the terms of the relevant Leases or as otherwise agreed with the relevant tenants.

See also the risk factors headed "The Manager may not be able to implement its strategy", "The Manager's operations are subject to regulation" and "The Manager may change The Link REIT's investment strategies" in the section headed "Risk Factors" in this Offering Circular.

Based on the Property Consultant's asset enhancement study, asset enhancement opportunities fall broadly into four categories, as outlined below. For more information on the Property Consultant's asset enhancement study, see Appendix VII to this Offering Circular.

Enhancement Opportunities

Design and Layout Opportunities

This category of enhancement opportunities arises mainly from the existing poor facility layout and low building efficiency in the shopping centres compared to private sector developments. Such opportunities include:

(i) Increase of IFA: This can be achieved through the creation of new units at, and the extension of lease lines into, existing common areas which are deemed to be excessive or non-essential. The IFA of each of the eight centres that were studied has the potential of being increased and, in the opinion of the Property Consultant, the potential improvements in IFA that it has identified within the eight centres on average amount to approximately 16.6%. This potential IFA increase also includes some increases in the GFA for the List 2 Properties.

(ii) Relocation of non-commercial uses: Certain non-commercial uses such as estate management offices and social and welfare facilities currently occupy prime locations and pay subsidised rents. These uses could be relocated to other locations within the shopping centres and be replaced by commercial uses (by retail tenants willing to pay market rent), subject to any lease restrictions or covenants.

Trade and Tenant Mix Opportunities

This category of enhancement opportunities arises mainly from the restrictions previously applicable to HKHA with respect to retail planning concerning trade mix and tenant profile, as well as restrictions on the allocation of retail spaces to various trades. Going forward, there will be opportunities to rationalise and optimise the trade mix and tenant profile within shopping centres, as well as between shopping centres that are within close proximity to one another.

Such opportunities include:

(i) Proper and systematic retail planning: Drawing up detailed trade mix plans of each shopping centre to ensure optimal location of trades and compatibility of tenants. Furthermore, in respect of the larger shopping centres, it is possible to group tenants based on trade types, into specific precincts to enhance shoppers' ease of navigation and overall shopping experience.

(ii) Introduction of brand name tenants: By investing in improvement initiatives, there may be opportunities to attract brand name retailers into the shopping centres, thereby enhancing the positioning and retail offerings of the shopping centres, attracting higher shopper traffic and improving their overall rental potential.

(iii) Reduction of duplication between properties: Currently, certain centres that are located within close proximity to one another may duplicate trades and tenants. Opportunities exist to introduce new trades and tenants that could reduce or eliminate such duplication and ensure that such shopping centres complement, rather than compete with, each other.

(iv) Increase of trade mix flexibility: Relaxing the trade mix restrictions and widening the classes of retailers within the shopping centres could attract a wider range of tenants, whilst enabling the Manager to respond to market changes more effectively.

Catchment Area Opportunities

This category of enhancement opportunities arises from favourable socio-demographic trends and characteristics within the centres' trade areas.

Such opportunities include:

(i) Increase in shopper base: Certain trade areas are expected to benefit from increases in resident populations due to favourable development trends. Accordingly, the shopping centres within these areas have the opportunity to maximise benefits arising therefrom if they are repositioned and enhanced to cater to such potential increases in shopper base.

(ii) Development of transport network: Shopper traffic at certain shopping centres is expected to increase with the development of the surrounding transport infrastructure resulting in improved access to such shopping centres.

(iii) Appeal to tourism: Lung Cheung Mall (located next to Wong Tai Sin Temple) and Stanley Plaza (located next to the Stanley waterfront area) have the opportunity to benefit from tourist spending if they are repositioned and enhanced to appeal to tourists visiting these destinations.

Branding Opportunities

This category of enhancement opportunities arises because different centres have unique defining characteristics in terms of location, context, trade mix and audience profile. A strategic brand development programme would highlight the unique characteristics of each centre, presenting it in a way that is distinctive and valued by customers, as well as other key audiences.

Progress of Works

The Manager has commenced asset enhancement works at three of the eight shopping centres referred to above as further detailed in the following table:

Shopping centre	Nature of works	Approximate cost of enhancement
		(HK$'M)
Tsz Wan Shan Shopping Centre (Phase 1)	Fitting out of vacant department store for retail space	27.0
Hau Tak Shopping Centre (Phases 1 and 2)	Fitting out of vacant shops for food outlets	22.0
Lung Cheung Mall (Phase 1)	Conversion of workshop into retail space	8.3

The Manager believes that these three shopping centres have the highest potential of the eight shopping centres identified above.

The asset enhancement works for these shopping centres are expected to be completed during the first quarter of 2006.

The Retail Facilities

Overview

As at 31 July 2005, the portfolio of Retail Facilities had an IFA of approximately 960,000 sq.m. of retail space and is estimated to account for 9.1% of Hong Kong's total retail space (based on the latest annual property review published in 2005 by the Rating and Valuation Department of the Government and information supplied by the Housing Society[1] and HKHA).

(1) Source: Information on public retail space provided by the Housing Society in November 2004.

Retail Hierarchy

There are a number of retail property types within the portfolio of the Retail Facilities. The retail types are defined by size, catchment, range of retailers or the availability of other attractions and facilities. The table below describes the key criteria of the classification system used by the Manager for defining the Retail Facilities[(1)].

Type of centre	Size	Description
District Centres	Typically more than 10,000 sq.m., although certain smaller centres may also exhibit the characteristics of District Centres	• Typically larger and newer; part of larger Housing Estates • Catchments draw from the Adjacent Housing Estates, and more broadly from within the district (over 50,000 people) • May include some branded and popular retailers, including fashion, jewellery and gift vendors • Typically anchored by one or two supermarket chains, market stalls, branded/chain fast food outlets and/or large Chinese restaurants
Local Centres	Typically between 5,000 and 10,000 sq.m.	• Typically smaller in size than District Centres; purpose-built and designed to cater to the requirements of the Adjacent Housing Estates' residents • Catchments consist of approximately 25,000 to 50,000 people • Typically contain trades that cater to the daily needs of the residents, such as supermarkets, market stalls, local restaurants and convenience stores
Estate Centres	Typically less than 5,000 sq.m.	• Typically comprise a collection of shops on the ground floors and podiums of domestic residential buildings • Designed to meet the basic shopping needs of the particular estate • May not have traditional enclosed shopping centre layouts
Shops	Typically less than 1,000 sq.m.	• Collection of ancillary shops serving the residents and users of the Carpark Facilities

Note:

(1) The Manager's classification system is a subjective management tool and differs from that used by the Market Consultant in its report, a summary of which is set out in Appendix IX to this Offering Circular.

The following table(1) contains summary information for the Retail Facilities by centre type:

					IFA			Rental Income(3)(4)		Valuation		
Centre type	No. of Retail Facilities	No. of carpark spaces	Average age(2)	% occupancy	sq.m.	% total	Average IFA	HK$'M	% total	HK$'M (as at 30 September 2005)	Initial yield(5)	HK$ per sq.m. (as at 30 September 2005)
District	36	26,059	14	91.9	468,531.0	48.8	13,014.7	1,441	55.0	16,374.24	6.3	34,948.05
Local	51	26,589	15	92.0	345,886.8	36.0	6,782.1	908	34.6	8,457.90	7.2	24,452.79
Estate	31	11,312	15	87.5	119,438.1	12.4	3,852.8	233	8.9	2,065.07	6.5	17,289.88
Shops	33	7,858	12	91.6	26,784.8	2.8	811.7	40	1.5	359.66	7.5	13,427.77
Total Retail Facilities	**151**	**71,818**	**15**	**91.4**	**960,640.7**	**100.0**	**6,361.9**	**2,621.8**	**100.0**	**27,256.9**	**6.6**	**27,218.0**

Notes:

(1) Unless otherwise stated, all information set out in the table is as at 31 July 2005.

(2) The average age is the sum of the weighted ages of each of the relevant Properties. The weighted age of each Property was calculated as the product of the age of the Property multiplied by a fraction, the numerator of which was the income of that Property as at 31 July 2005 and the denominator of which was the aggregate income of all of the relevant Properties as at 31 July 2005.

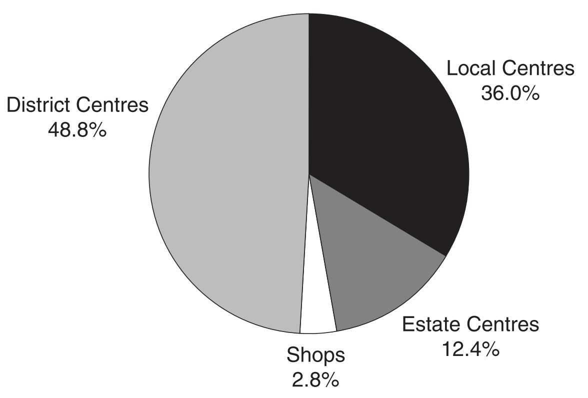
(3) Annualised rental income based on the monthly base rent for July 2005. The monthly base rent for July 2005 is before rent relief to certain tenants due to slow population intake at certain Housing Estates as discussed in the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Circular.

(4) Excludes carpark receipts.

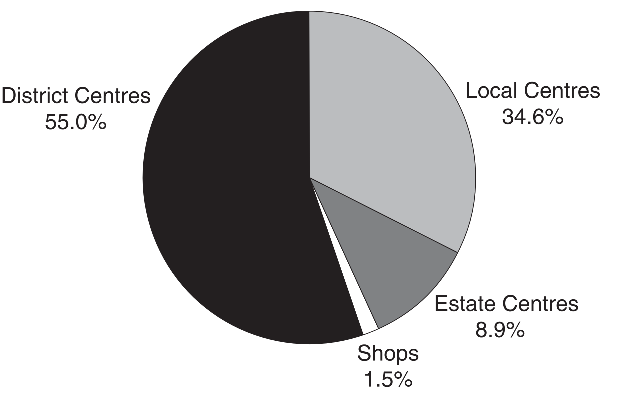
(5) Initial yield is calculated on the total valuation of the centre types and the corresponding annualised 30 September 2005 net passing income of the Retail Facilities (annualised net passing income was determined by multiplying the monthly net passing income for 30 September 2005 by 12).

The following charts provide details of the IFA and rental income of the Retail Facilities by centre type:

By IFA



By rental income(1)



Note:

(1) Based on the monthly base rent for July 2005.

Details of the Retail Facilities

Shopper Profile

The Property Consultant was commissioned to conduct an analysis of the shopper profile for the Retail Facilities and its findings are summarised below. For the Property Consultant's full report, refer to Appendix VIII to this Offering Circular.

The majority of the shoppers at the Retail Facilities are residents of the Adjacent Housing Estates, which house approximately 40% of Hong Kong's population.

For the purposes of its report, the Property Consultant analysed only the populations of the Housing Estates within which the Retail Facilities are located, which house approximately 31% of Hong Kong's population. However, it is recognised by the Property Consultant that the shopping catchments of some of the larger Retail Facilities extend to other Housing Estate residents as well as to residents in private flats.

In general, the shopper profile of the Retail Facilities is older and less well-off than that of Hong Kong as a whole. There is generally a lower proportion of persons within the typically higher-spending age range of 15 to 44 years compared with Hong Kong as a whole. The age profile tends to be younger in the new towns and older in the well-established urban areas.

The median monthly household income of the shoppers at the Retail Facilities is approximately 84% of that of Hong Kong as a whole. The highest median household incomes among shoppers at the Retail Facilities can be found in Hong Kong Island and in the new towns of Tseung Kwan O and Sha Tin.

30% of the shopper households own their homes compared to approximately 54% in Hong Kong as a whole. This means that while average household incomes are lower, approximately 70% of the shopper households have 80% to 90% of their incomes available for non-housing-related expenditure. This compares favourably to owner-occupier households, where the equivalent percentage is typically approximately 70% of median household income.

The highest proportion of owner-occupier shoppers are in Sha Tin and Fanling/Sheung Shui/Tai Po, mirroring the general trend in these areas. The lowest rent to income level is in Fanling/Sheung Shui/Tai Po.

A summary of the shopper profiles for the Retail Facilities by area is set out in the table below.

The Property Consultant's Shopper Profile at the Retail Facilities by Area[1]

	Hong Kong Island	Kowloon Central	Kowloon East	Kowloon West	Sha Tin/ Ma On Shan	Sheung Shui/ Fanling/ Tai Po	Tseung Kwan O	Tsuen Wan/ Kwai Chung/ Tsing Yi/ Tung Chung	Tuen Mun	Yuen Long/ Tin Shui Wai	Shoppers at Retail Facilities Overall	Hong Kong Average
Population[2]	169,400	314,900	276,100	75,200	255,700	242,700	139,500	309,000	196,400	163,800	**2,142,600**	6,835,600[4]
Households[2]	50,400	98,700	89,400	25,400	76,300	69,800	41,100	92,900	65,400	48,500	**657,800**	2,222,500[4]
Proportion of households owning the quarters they occupy[2]	19.3%	28.1%	27.2%	21.9%	43.6%	44.5%	30.6%	17.5%	30.7%	27.1%	**29.7%**	54.1%[3]
Age profile:[2]												
0-14 years	11.2%	11.6%	12.2%	12.9%	12.1%	13.9%	18.8%	14.5%	15.7%	21.8%	**14.0%**	15.2%[3]
15-29	24.4%	19.0%	20.2%	18.3%	26.2%	29.6%	24.7%	23.1%	26.4%	23.4%	**23.6%**	20.1%[3]
30-44	21.2%	24.6%	24.1%	21.1%	20.8%	19.2%	23.5%	23.1%	21.2%	26.4%	**22.6%**	28.0%[3]
45-59	23.5%	20.1%	20.1%	20.6%	24.6%	25.0%	22.5%	21.4%	24.8%	19.1%	**22.2%**	21.6%[3]
60+	19.7%	24.7%	23.4%	27.0%	16.3%	12.3%	10.5%	18.0%	12.0%	9.3%	**17.6%**	15.1%[3]
Median monthly household income[2]	HK$ 16,200	HK$ 12,600	HK$ 12,300	HK$ 12,300	HK$ 14,200	HK$ 13,000	HK$ 15,000	HK$ 12,500	HK$ 11,500	HK$ 12,000	**HK$ 13,000**	HK$ 15,500[3]
Median rent to income ratio[2]	13.3%	16.2%	17.4%	17.4%	13.5%	10.7%	15.1%	15.3%	11.9%	14.3%	**14.4%**	15.1%[5]

Notes:

(1) The shopper profile relates to the residents of the Housing Estates within which the Retail Facilities are located.

(2) Source: HKHA.

(3) Source: Population and Household Statistics 2004, Census and Statistics Department, Hong Kong.

(4) Projections of Population Distribution 2004-2013, Planning Department, Hong Kong.

(5) 2001 Census, Census and Statistics Department, Hong Kong.

Occupancy Rates

The occupancy rates for the Retail Facilities as at 31 March 2003, 2004 and 2005 and 31 July 2005 were 91.7%, 90.7%, 91.9%, and 91.4%, respectively.

Building Efficiency

As at 31 July 2005, the total GFA and IFA of the Retail Facilities were 1,778,655 sq.m. and 960,641 sq.m., respectively, resulting in an overall building efficiency of 54.0%, as detailed in the table below:

Retail Facility type	IFA	GFA	Building efficiency
	(sq.m.)	(sq.m.)	(%)
District Centres	468,531	883,017	53.1
Local Centres	345,887	640,456	54.0
Estate Centres	119,438	215,661	55.4
Shops	26,785	39,521	67.8
Total	**960,641**	**1,778,655**	**54.0**

Tenant Profile

The Retail Facilities have a diverse tenant base of approximately 9,200 individual Leases. The major tenants of the Retail Facilities include some of the most well-known retailers in Hong Kong, including Wellcome, Manning's, 7-Eleven, Park'n Shop, Watson's, McDonald's, Café de Coral, Fairwood, Maxim's Chinese Restaurant and Circle K. However, the majority of the tenants are individual operators selling convenience-based goods. Other well-known retail tenants include Baleno and Starbucks.

Trade Mix

As at 31 July 2005, the tenancy mix within the Retail Facilities was as follows: 35.0% of the tenants were engaged in the food and beverage trade, 23.1% were supermarket tenants or tenants of market stalls and 41.9% were engaged in other types of trades.

The table below sets out details of the Retail Facilities' tenants in terms of trade type by reference to total leased IFA, as at 31 July 2005:

Trade sub-sector	Leased IFA	Percentage of total leased IFA(1)
	(sq.m.)	(%)
Food and beverage	307,431.1	35.0
Supermarkets	128,329.9	14.6
Market stalls	74,657.0	8.5
Health, personal care and beauty(2)	69,199.0	7.9
Education and services	49,340.0	5.6
Home furnishings	43,409.2	4.9
Fashion	30,605.7	3.5
Electronics and IT	22,270.4	2.6
Department stores	16,149.0	1.9
Leisure and entertainment	11,018.7	1.3
Government and welfare	64,498.6	7.3
Others(3)	60,778.4	6.9
Total	**877,687.0**	**100.0**

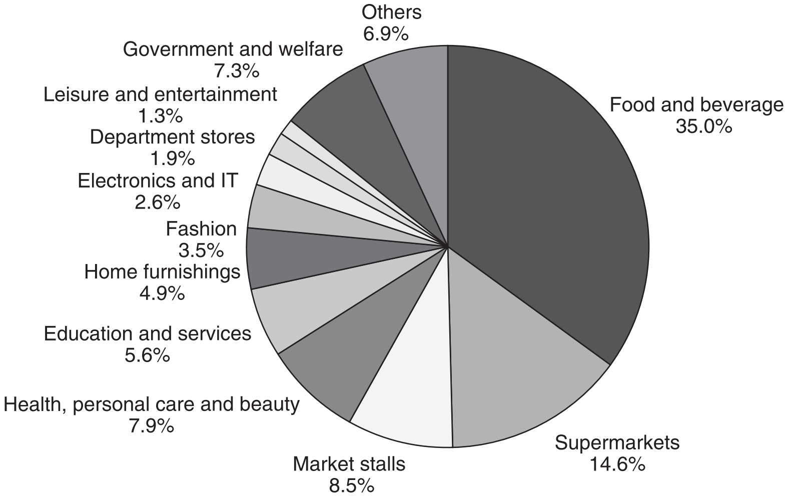
Notes:

(1) Calculated on the basis of IFA in respect of which leases have been entered into as at 31 July 2005.

(2) Includes medical clinics and other health services.

(3) Includes trades not falling into the above categories, such as books, stationery and toys, goldsmiths, jewellery, watches, pens, laundromats, newspapers and magazines, travel agencies and banks.

The following chart illustrates the distribution of total leased IFA at the Retail Facilities in terms of the trade type(1):



Note:

(1) The figures in the chart have been rounded to one decimal place.

Top 10 Tenants

The 10 largest tenants (in terms of monthly base rent) accounted for 34.8% of the total monthly base rent from the Retail Facilities for July 2005. As at 31 July 2005, The Dairy Farm Company Limited, the largest tenant (in terms of monthly base rent for July 2005) of the Retail Facilities, accounted for 10.5% of the total monthly base rent of the portfolio for July 2005 and had 187 outlets (trading as Mannings, Wellcome and 7-Eleven) in the Retail Facilities. The following table sets out information on the 10 largest tenants in terms of monthly base rent for July 2005:

Rank	Tenant	Tenant's trading names(1)	Trade type(2)	Total IFA	% of total IFA	% of total monthly base rent	Average lease duration(3)(4)
				(sq.m.)	(%)	(%)	(No. of years)
1	The Dairy Farm Company Limited	Mannings (37)	Health, Personal Care & Beauty	5,290	0.6	10.5	1.5
		Wellcome (59)	Supermarket	49,773	5.2		
		7-Eleven (89)	Supermarket	9,233	1.0		
		The Dairy Farm Company Limited, Centrepoint Ministore (2)	Other	44	0.0		
2	A.S. Watsons Group (HK) Limited	Watsons, Watson's The Chemist (18)	Health, Personal Care & Beauty	2,917	0.3	8.5	1.7
		Watson's Wine Cellar & Park'n Shop, Park'n Shop (56)	Supermarket	46,905	4.9		
3	Wang On Group Limited	Wang On Majorluck Limited, Majorluck Limited, Chung On (Allmart) Market, Fu Tung (Allmart) Chinese Market, Heng Yiu Market, Kai Tin (Allmart) Chinese Market, Ma On Shan Terrace Chinese Market, Tin Chak (Allmart) Market, Tin Shing (Allmart) Chinese Market (10)	Market Stall	9,830	1.0	2.9(3)	1.9
		Wang On Shopping Centre Management Limited (1)	Other	2,000	0.2		
4	McDonald's Restaurant (HK) Limited	McDonald's, McDonald's Restaurant (47)	Food & Beverage/ Food Court	16,499	1.7	2.4	2.1
5	Café de Coral Group Limited	Café de Coral, Café de Coral Restaurant, Café de Coral/Super Super, Yumi Yumi Caterers Limited, Very Nice Fast Food Limited, Brilliantwin Limited (37)	Food & Beverage/ Food Court	15,290	1.6	2.3	1.7

Rank	Tenant	Tenant's trading names(1)	Trade type(2)	Total IFA	% of total IFA	% of total monthly base rent	Average lease duration(3)(4)
				(sq.m.)	(%)	(%)	(No. of years)
6	Maxim's Caterers Limited	Maxim's Chinese Restaurant, Maxim's Fast Food, Maxim's Golden Court Restaurant, Maxim's Restaurant, Maxim's Cakes, Maxim's Bakery (42)	Food & Beverage/ Food Court	17,004	1.8	2.1	1.7
7	Goldrise Investment Limited	Choi Ming Market, Homantin Plaza Market, Sau Mau Ping Market, Sheung Tak Market (4)	Market Stall	5,313	0.6	1.9	2.6
8	China Resources Retail (Group) Company Limited	China Resources Retail (Group) Company Limited, CR Care Company Limited (3)	Health, Personal Care & Beauty	142	0.0	1.6	1.2
		China Resources Supermarket (HK) Company Limited, China Resources Retail (Group) Company Limited, China Resources Purchasing Company Limited (13)	Supermarket	10,387	1.1		
9	Bank of China (HK) Limited	Bank of China (HK) Limited (35)	Other	7,056	0.7	1.5	1.6
10	Circle K Convenience Store Limited	Circle K, Circle K Convenience Store (61)	Supermarket	6,450	0.6	1.1	1.3
	Total for Top 10			**204,133**	**21.3**	**34.8**	
	Other Tenants			673,554	70.1	65.2	
	Vacant			82,954	8.6	0.0	
	Total overall			**960,641**	**100.0**	**100.0**	

Notes:

(1) The number of outlets occupied as at 31 July 2005 is provided in brackets.

(2) For details of the trades included within these trade types, see the table setting out details of the Retail Facilities' overall tenant diversification in terms of trade type on page 124 of this Offering Circular.

(3) These figures have been rounded to one decimal place.

(4) The average Lease duration is the sum of the weighted Lease durations of each of the relevant Properties. The weighted lease duration of each Property was calculated as the product of the Lease duration of that Property multiplied by a fraction, the numerator of which was the rental income of that Property as at 31 July 2005 and the denominator of which was the aggregate rental income of all of the relevant Properties as at 31 July 2005.

The weighted average Lease duration of the top 10 tenants (considered as a group) weighted by income is 1.7 years. This compares with the average unexpired Lease term of the total portfolio of 1.6 years as at 31 July 2005.

HKHA and PropCo entered into the Leaseback and Licence Agreement on 6 September 2005 pursuant to which HKHA will: (i) rent a total of approximately 12,000 sq.m. of office premises comprised within the Properties for a term of two years commencing from the Listing Date at a monthly rental at the rate of HK$100 per sq.m. (inclusive of Government rent, rates, management fees and air-conditioning charges but exclusive of all outgoings of a recurring or non-capital nature); and (ii) be granted a monthly licence to use a total of approximately 25,000 sq.m. of office premises comprised within certain Properties commencing on the Listing Date at a monthly licence fee at the rate of HK$100 per sq.m. (inclusive of Government rent, rates, management fees and air-conditioning charges but exclusive of all outgoings of a recurring or non-capital nature). The monthly licence will be terminable by HKHA or PropCo on giving to the other one month's notice. In respect of the leased office premises, HKHA will have the right to surrender the office premises comprised within a Property at any time during the two-year lease term on giving PropCo three months' notice in writing. It is expected that the lease arrangement will make HKHA one of PropCo's largest tenants (in terms of monthly base rent as from the Listing Date).

Leases

Terms

Most of the current leases at the Retail Facilities are under HKHA's standard lease form and for terms ranging from one to three years (with longer lease terms of up to nine years generally being available for larger premises such as department stores, supermarkets, large restaurants and banks). For certain new lettings where a large floorspace has been let or the prospective tenant has committed to making a significant initial capital investment, a longer lease term (normally six years) has been granted.

Most leases have been for fixed terms with no option to renew, although they generally provide that the landlord or the tenant may terminate the lease at any time during the term by serving three months' notice. However, leases entered into by way of direct negotiations with tenants (rather than by way of tendering) and leases entered into with bank tenants and non-bank tenants leasing over 250 sq.m. of IFA typically do not have such early termination rights. 39.9% of annualised rental income based on the monthly base rent for July 2005 was generated by tenants with leases containing early termination rights.

Leases typically have provided for a deposit of two months' rent in cash and/or a bank guarantee in lieu of cash, with tenants paying a fixed base monthly rent. None of these guarantees will be available to The Link REIT following the Listing Date. See the risk factor headed "Income from, and expenditures in relation to, the Properties may not be as expected, which may adversely affect the financial condition of The Link REIT" in this Offering Circular. Historically, a rent-free period of seven days (for short-term lettings) or ranging from between one and three months (for fixed-term lettings) was given to new tenants moving into the premises for fitting-out purposes. A limited number of leases have included provisions for the payment of differing levels of base rent during set periods of the lease term and, as at 31 July 2005, 179 leases have included provisions for reporting sales turnover and paying turnover rent. Turnover rent accounted for less than 1% of the total rental income from the Retail Operations for the year ended 31 March 2005.

Between August 2002 and May 2005, in addition to leases, short-term licences (mostly using a standard form), usually ranging from one to 12 months, were granted for those licencees whose permitted trades do not require Government or regulatory licences for their operations. Such licences are usually granted for smaller size premises with IFAs of 70 sq.m. or less. Although such licences cannot automatically be renewed after their terms have expired, pursuant to the terms of the licences, the licencees may request to have their licences converted to three-year tenancies, subject to rent re-assessments.

Under both the leases and the licences, tenants are normally responsible for payment of outgoings such as Government rates but not Government rent, which is usually borne by the landlord/licensor. Tenants have generally also been responsible for repairing the interior of the premises while the landlord/licensor has been responsible for repairing the exterior. In the event that the premises were damaged or destroyed and provided that such damage/destruction was not caused by the negligence or fault of the tenants, the tenants have usually been entitled to rent abatement for so long as the premises have not been fit for occupation. Other than operators of supermarkets and department stores, tenants have generally not been entitled to assign or sublet/sublicense the premises, although single operators of a market/shopping centre have been allowed to grant licences to licencees within that particular market/shopping centre.

Leasing Strategy

The objective of the Manager's leasing strategy will be to secure the most suitable tenants, rent levels and trade mix consistent with the Manager's asset management strategy for each shopping centre.

The Manager's leasing policy will be characterised by:

- a flexible approach to Lease negotiation in order to ensure the best outcome for each centre, consistent with asset management objectives;

- a pro-active and responsive approach aimed at ensuring that Lease transactions are concluded efficiently and that rents are optimised based on market levels;
- a policy of actively seeking potential new tenants to take up space in the centres or to encourage existing retailers to expand their presence across additional centres;
- ongoing dialogue and communication with tenants including providing a forum for business consultancy services for tenants, tenants' newsletter and opinion surveys; and
- the development of a system to assist the Manager in gauging the sales turnover of tenants through the use, for example, of footfall surveys. This will allow the Manager to better assess the performance of the centre and tenants over time.

Lease Profile

The following table sets out data in relation to the Lease expiry profiles of the Retail Facilities as at 31 July 2005 for each of the indicated periods set out below:

Year ending 31 March	Expiring Leases		IFA of expiring Leases		Rental income of expiring Leases		Leases of top 10 tenants	IFA of top 10 tenants	Annualised rental income of top 10 tenants[2]
	(No.)	(%)	(sq.m.)	(%)	(HK$'M)	(%)	(No.)	(sq.m.)	(HK$'M)
2006 or before[1]	2,175	23.7	170,932.4	19.5	528.8	20.2	121	37,782.1	161.7
2007	3,074	33.6	317,725.3	36.2	810.3	30.9	167	67,157.0	265.0
2008	3,071	33.5	234,509.3	26.7	773.6	29.5	133	54,137.0	243.7
2009	630	6.9	56,940.1	6.5	250.8	9.6	30	17,098.0	118.8
2010	22	0.2	30,652.0	3.5	56.3	2.1	5	2,770.0	9.6
2011 and beyond	15	0.2	7,574.6	0.9	27.1	1.0	3	1,810.0	10.8
Others[3]	177	1.9	59,353.3	6.7	174.9	6.7	55	23,379.0	103.4
Total	**9,164**	**100.0**	**877,687.0**	**100.0**	**2,621.8**	**100.0**	**514**	**204,133.1**	**913.0**

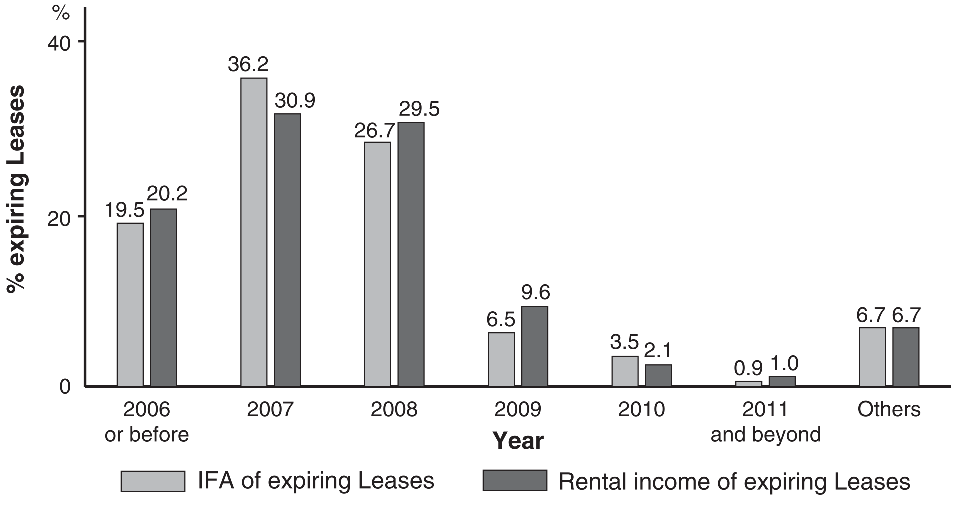
Notes:

(1) Includes all existing Leases of the Retail Facilities expiring during the period between 31 July 2005 and 31 March 2006.

(2) Annualised rental income is determined by multiplying the monthly base rent for July 2005 by 12. The monthly base rent figure for July 2005 does not take into account rent relief given to tenants due to slow population intake at certain Housing Estates. After adjusting for such rent relief, the total annualised rental income had been reduced from approximately HK$2,622 million to approximately HK$2,557 million and the total annualised rental income of the top 10 tenants had been reduced from HK$913.0 million to HK$887.0 million. However, the rent relief given to tenants expired for two of the Housing Estates on 31 July 2005 and for another Housing Estate on 15 September 2005. Using the full base rent figure (without rent relief) to calculate the annualised rental income for these three estates, the total annualised rental income would be approximately HK$2,619 million and the total annualised rental income of the top 10 tenants would be approximately HK$911.7 million. See the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Circular for further details of the rent review scheme.

(3) Includes cases where tenants pay use and occupancy fees to use the premises of the Retail Facilities on a temporary basis. Such Leases do not contain any expiry dates.

The following chart shows the IFAs of expiring Leases and the rental income of expiring Leases during the periods indicated:



On average, the existing Leases within the portfolio will expire in 1.6 years, weighted both by area and annualised rental income based on the monthly base rent for July 2005.

The portfolio has demonstrated a high tenancy retention rate. The retention rate is the percentage of expiring Leases that are renewed, and is generally impacted by, among other things, whether the tenants are content with the sales and profitability of their shop, and the level of rent upon renewal. The tenancy retention rates of expiring Leases in the years ended 31 March 2003, 2004 and 2005 were 87.3%, 91.8% and 94.3%, respectively. In general, the tenants of the Properties have occupied their spaces for extended periods. The average length of stay of the existing tenants at the Properties as at 31 July 2005 was 11.1 years.

For further information on the Retail Facilities, see Part A of Appendix V to this Offering Circular.

The Carpark Facilities

Overview

As at 31 July 2005, the portfolio had approximately 79,000 carpark spaces. This number of carpark spaces has been calculated on the same basis as that adopted by the Independent Property Valuer for the purposes of its Valuation Report. However, the number of carpark spaces in the portfolio has increased slightly since 31 July 2005 due to adjustments to the boundaries of certain of the Properties subsequent to 31 July 2005, as provided for in the Property Agreement. See the section headed "Background to the Divestment — The Properties — Demarcation of boundaries defining the Properties" in this Offering Circular for further details.

Based on information available as at 30 September 2003, the portfolio had carpark spaces which were estimated to account for 13.7% of Hong Kong's total commercial carpark spaces[(1)]. The parking spaces within the Properties comprise parking spaces for cars, lorries and motor cycles. All such parking spaces are referred to as carparking spaces throughout this Offering Circular.

Note:

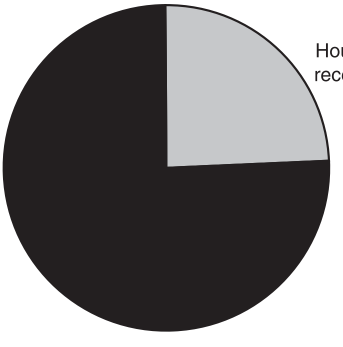
(1) Based on a total of 78,330 carpark spaces within the portfolio and a total of 570,600 carpark spaces available for private cars, goods vehicles, motorcycles, and coaches in each case as at 30 September 2003 (source: Environment, Works and Transport Bureau).

Details of the Carpark Facilities

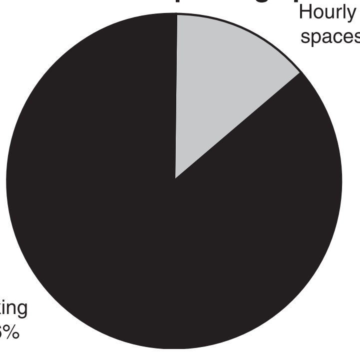
User Profile

The current profile of lettings of the parking spaces at the Carpark Facilities can be grouped into two major categories: monthly parking (mainly by Housing Estate residents) and hourly parking (by visitors and retail shoppers). In light of the historical allocation requirements for carpark spaces (see the paragraph headed "Allocation of Carpark Spaces" below), as at 31 March 2005, approximately 90% of monthly users of the occupied carpark spaces within the Carpark Facilities were residents of the Housing Estates and shop tenants, and 10% were non-resident or non-tenant users. Use of parking spaces at the Carpark Facilities within some of the List 1 Properties by non-residents is, in certain cases, subject to certain approvals or waivers being granted by the Town Planning Board and, in certain cases, the Lands Department (see the paragraph headed "Planning Approvals and Government Lease Waivers" below for further details). Shoppers and other visitors use parking spaces on an hourly basis. In the past, parking spaces were let only to residents of the nearby HKHA residential estates on a monthly basis by the sale of monthly tickets. Where demand for monthly tickets exceeds supply, allocation is made by an annual ballot, which takes place in November or December of the relevant year. As illustrated below, for the year ended 31 March 2005, monthly parking and hourly parking accounted for 74.6% and 25.4% of total carpark receipts, respectively, and 86.6% and 13.4% of total parking spaces, respectively.

Total carpark receipts



Total number of parking spaces



Utilisation Rates

The utilisation rate for the Carpark Operations, which is calculated as a percentage of total monthly tickets sold compared with the total number of monthly parking spaces available, without taking account of hourly parking (for which utilisation rates cannot be calculated on a comparable basis), was 72.9% as at 31 July 2005. As at 31 July 2005, designated monthly carpark spaces accounted for approximately 86.6% of the total number of spaces in the Carpark Operations.

An analysis of the utilisation profile of the Carpark Operations as at 31 July 2005 shows that 34.8% of them had a utilisation rate of above 90%, while 47.8% of them had a utilisation rate of 80% or below. In terms of size, the larger facilities with over 900 spaces generally had lower utilisation rates (averaging 56.0%), compared to smaller facilities with fewer than 100 spaces (averaging 95.9%).

The following table provides details of the utilisation rates of the Carpark Operations as at 31 March 2003, 2004 and 2005:

As at 31 March	Total parking spaces	Total monthly parking spaces	Total monthly tickets sold	Utilisation rate[(1)]
	(No.)	(No.)	(No.)	(%)
2003	77,857	66,810	51,381	76.9
2004	78,893	68,165	50,407	73.9
2005	79,384	68,756	50,072	72.8

Note:

(1) The spaces for hourly parking were not taken into account for the purpose of calculating carpark utilisation rates.

Allocation of Carpark Spaces

The Carpark Facilities were originally built to serve the needs of residents of the Housing Estates. Parking spaces at the Carpark Facilities have historically been allocated in accordance with the requirements set out in the Hong Kong Planning Standards and Guidelines prevailing at the time and as agreed with the Transport Department. The Hong Kong Planning Standards and Guidelines and the Government Leases (only for those Carpark Facilities located within the List 1 Properties) prescribe the number of parking spaces that need to be provided for residents of the Housing Estates based on the number of flats in such Housing Estates. However, because there was insufficient demand for monthly parking from residents of such Housing Estates, approval was sought from the Town Planning Board and the Lands Department (as applicable) to allow a larger proportion of the monthly parking spaces to be let to non-residents so that the parking spaces could be put to more efficient use. As at the Latest Practicable Date, only approximately 10% of the monthly parking spaces at the Carpark Facilities were let to non-residents. As a result, if an approval is withdrawn at any time in the future, the Manager does not expect such withdrawal to have a material impact on the financial position of The Link REIT. For further details, see the paragraph headed "Planning Approvals and Government Lease Waivers" below.

Planning Approvals and Government Lease Waivers

Planning Approvals

As at the Latest Practicable Date, the Town Planning Board had granted approval (subject to outline zoning plan requirements) to allow carpark spaces at 66 List 1 Properties and 79 List 2 Properties for which planning applications had been made by HKHA, to be let to non-residents of the relevant Housing Estates. The approvals were granted in the form of permanent or temporary waivers, as summarised below:

	No. of Carpark Facilities		
	Permanent waiver	3-year temporary waiver	Total
List 1 Properties	11	55	66
List 2 Properties	—	79	79
Total	**11**	**134**	**145**

For most of the Carpark Facilities with permanent waivers, there is a limit on the surplus carpark spaces that are allowed to be let to non-residents (70% of the total parking spaces). There is no such restriction for those Carpark Facilities with temporary waivers, but the Town Planning Board has advised that this would be discussed and agreed with the Transport Department on a case-by-case basis when applying for Government Lease waivers from the Lands Department. Upon expiry of such temporary approvals, applications for renewal or extension will need to be made.

Government Lease Waivers

Carpark Facilities in the List 1 Properties are also subject to Government Lease conditions, such that they can only be leased to residents of the relevant Housing Estates. Waivers from the Lands Department would be required in order to lease the surplus carpark spaces to non-residents of such Housing Estates. Granting of the waivers is entirely at the discretion of the Lands Department. As at the Latest Practicable Date, 18 applications have been approved, while three are being processed.

The Government Leases to be granted for the List 2 Properties will also stipulate the number of carpark spaces and restrict the use of such spaces to residents and occupiers of the relevant Housing Estates and their bona fide visitors.

The Manager currently expects to make submissions to the Town Planning Board and the Lands Department (as applicable) to renew or extend these temporary approvals and waivers when they expire. If such waivers are revoked by the Lands Department or if such approvals or waivers are not renewed or extended by the Town Planning Board or the Lands Department (as applicable), the

Carpark Operators at these List 1 Properties and List 2 Properties will no longer be able to let such parking spaces to non-resident monthly users.

BUSINESS

Property Management Arrangements

Overview of Arrangements

The management of the Properties and related tasks, such as rental collection, cleansing, day-to-day minor repairs and security, have in the past been largely contracted out by HKHA to PMAs, PSCs, MBOs and Carpark Operators pursuant to PMA Contracts, PSC Contracts, MBO Contracts and Carpark Operator Agreements, respectively.

The Manager's strategy in relation to dealing with the PMAs, PSCs, MBOs and Carpark Operators in the future involves a number of elements, including the following:

- The Manager intends to explore the progressive internalisation of management at a limited number of larger District Centres in each of the eight Districts, with the timing of implementation likely to coincide with the expiry of existing management contracts. This would involve the Manager directly employing staff to perform the management functions that are currently performed by the property managers.
- The Manager intends to reduce the number of external property managers at the Retail Facilities from the current number of 39. This will allow the Manager to concentrate management in the hands of the best performing managers and to negotiate improved fee terms. This will also provide a foundation for more effective and consistent management practices and service standards.
- The Manager also intends to reduce the number of Carpark Operators managing the Carpark Facilities from the current number of 10. This will allow for better control of the management of the Carpark Facilities and provide to operators the potential for better economies of scale. The Manager will also seek to ensure that its fee terms are competitive, in order to appropriately incentivise operators to maximise profits.

For further details on the Manager's strategy, refer to the section headed "Strategy" in this Offering Circular.

It is intended that with effect from the middle of 2006, the Manager and/or PropCo will start to enter into new contracts directly with the selected PMAs and the Carpark Operators or with other service providers selected at the time. Early termination or short term extensions or renewals of existing contracts with external property managers by HKHA or entry into short-term contracts with external property managers by the Manager may be required if the expiry dates of such contracts do not match such timeframe. As the existing PSC Contracts and MBO Contracts relate to the provision of services in respect of certain domestic estates as well as the associated Properties, the Manager does not expect to renew such contracts in their current form upon their expiry. For further details of the arrangements with respect to these contracts under the Service Level Agreement, see the section headed "Operations of the Manager" in this Offering Circular.

The PMAs, PSCs, MBOs and Carpark Operators were selected based on HKHA's internal tender selection process. Property management fees represented 11.0% of total revenue for the year ended 31 March 2005 and approximately 23.3% of total property expenses (excluding HKHA staff and overhead costs). At present, all PMA Contracts, PSC Contracts, MBO Contracts and Carpark Operator Agreements entered into by HKHA indicate the boundaries/areas for which the respective property managers are responsible.

Outsourced Property Management Companies

Property Management Agents

HKHA has entered into PMA Contracts since 1995 and, as at 31 July 2005, there were 93 subsisting PMA Contracts between HKHA and 18 different PMAs providing property management services in respect of over 64.0% of the total retail IFA of the Retail Facilities. PMA Contracts generally have a term of between one and two years and can be terminated by HKHA by one month's or three months' written notice. The scope of a PMA's services includes providing full property management services such as collecting rent from tenants and conducting day-to-day minor repair works. A PMA acts as HKHA's agent in respect of the procurement of services required, and is reimbursed by HKHA in relation thereto. PMAs are paid a monthly fee for work carried out and are provided with all necessary furniture, equipment and supplies by HKHA. All utilities and telephone charges are paid directly by HKHA. PMA Contracts are estimated to account for approximately 55% of the total number of management contracts entered into by HKHA in relation to its retail and carpark facilities.

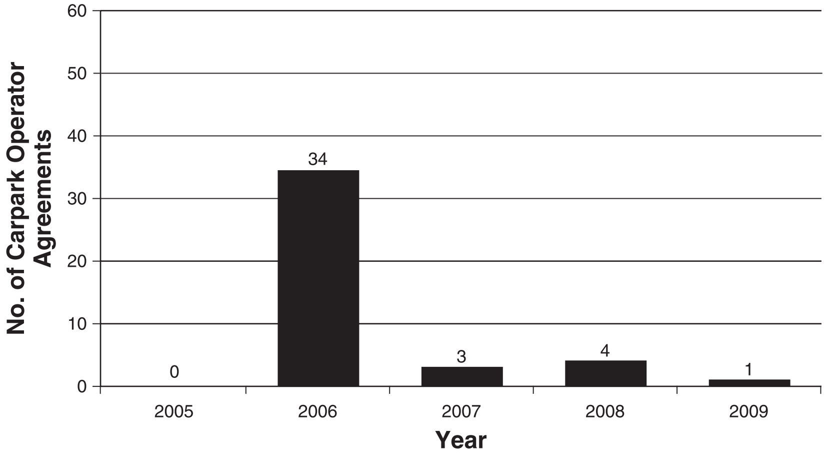
Property Services Companies and Management Buy-outs

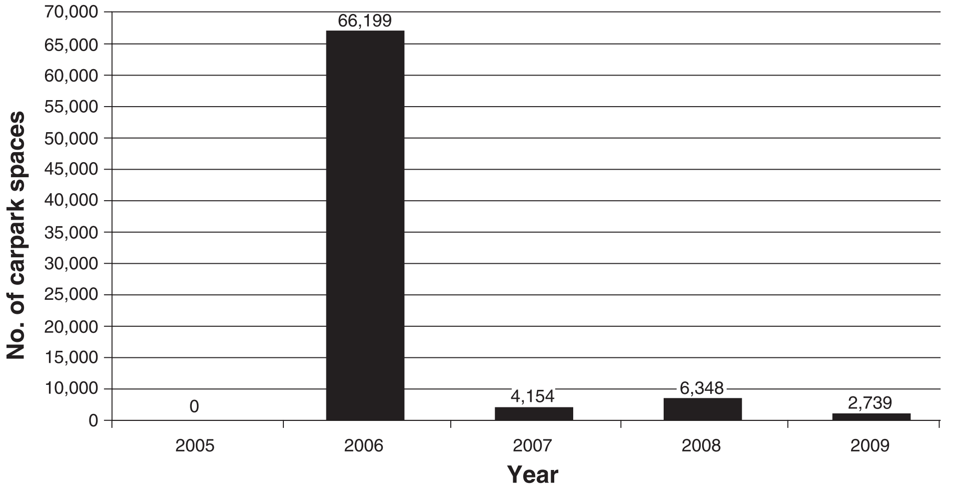
The first set of PSC Contracts commenced in October 2000 and, as at 31 July 2005, there were 27 subsisting PSC Contracts between HKHA and 15 different PSCs. The first set of MBO Contracts commenced in July 2001 and, as at 31 July 2005, there were six subsisting MBO Contracts between HKHA and six different MBOs. MBO Contracts and PSC Contracts are similar to PMA Contracts in terms of the range of services covered, except that the MBOs and PSCs manage both domestic as well as commercial properties and have more comprehensive roles in dealing with tenancy matters and maintenance and repair works as well as other functions normally undertaken by HKHA staff. MBO Contracts and PSC Contracts are generally for terms of three years. MBO Contracts and PSC Contracts can be terminated by HKHA by three months' written notice. An MBO's and PSC's scope of work includes conducting day-to-day minor repair works as well as major repair works and planned maintenance works, and supervising PMAs, Carpark Operators and contractors directly employed by the MBO/PSC itself or by HKHA, and the respective works carried out by each of them. MBOs and PSCs are paid a monthly service fee as well as an overall project management fee. MBOs and PSCs are required to set up and maintain their own property management office, including provision of their own furniture, equipment and supplies, and all utilities and telephone services are charged to their own account.

Carpark Operators

The first set of Carpark Operator Agreements commenced in November 1987 and, as at 31 July 2005, there were 42 subsisting Carpark Operator Agreements between HKHA and 10 different Carpark Operators. The Carpark Operator Agreements are typically for five-year terms, pursuant to which the management of the Carpark Facilities is outsourced to individual Carpark Operators. The agreements typically do not contain an option to renew and can be terminated by HKHA by giving the Carpark Operator six months' written notice. The Carpark Operators are generally remunerated on a revenue sharing basis (generally up to 30% of total carpark receipts).

The following charts show the expiry profile of the Carpark Operator Agreements. 34 of the 42 agreements representing approximately 66,000 carpark spaces will expire in 2006.





For further details of the fees and expenses payable to PMAs, PSCs, MBOs and Carpark Operators pursuant to PMA Contracts, PSC Contracts, MBO Contracts and Carpark Operator Agreements, respectively, see the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Circular.

Maintenance

Maintenance and improvement works in relation to the Properties have historically been provided by the maintenance and improvements section of HKHA. These services were provided through maintenance contractors under HKHA's direct supervision or were indirectly provided pursuant to the PMA Contracts, PSC Contracts, MBO Contracts and Carpark Operator Agreements.

Since 1 March 2005, maintenance and improvement works in relation to the Properties have been carried out by the Manager pursuant to the Management Agreement. The services that are provided by the Manager pursuant to this agreement include the implementation of shopping centre improvement programmes, as well as day-to-day inspections, repair and routine maintenance works to the building fabrics, building services installations and plumbing and drainage works. These services are provided through the Manager's maintenance contractors, who are responsible for implementing and managing the repair and maintenance programmes for the Properties.

The Manager also monitors the performance of the PMAs and MBOs in respect of maintenance and improvement services provided by them in relation to the Properties pursuant to the PMA Contracts and MBO Contracts.

The services that are provided under such contracts include the installation of the general building fabric and finishings of the Properties and building components including skylights, roofing, landscaping, playground equipment, lifts and escalators, electrical installations, plumbing systems, fire safety installations and central air-conditioning installations. The costs of installation in respect of such works have traditionally been borne by HKHA.

Maintenance activities in respect of the Properties are carried out on a regular basis. Replacement of plumbing and drainage pipes is condition-driven and is generally carried out as and when required. Maintenance work on the Carpark Facilities is carried out on a regular basis to ensure that the quality of the carparks remains comparable to that of the adjacent shopping centres.

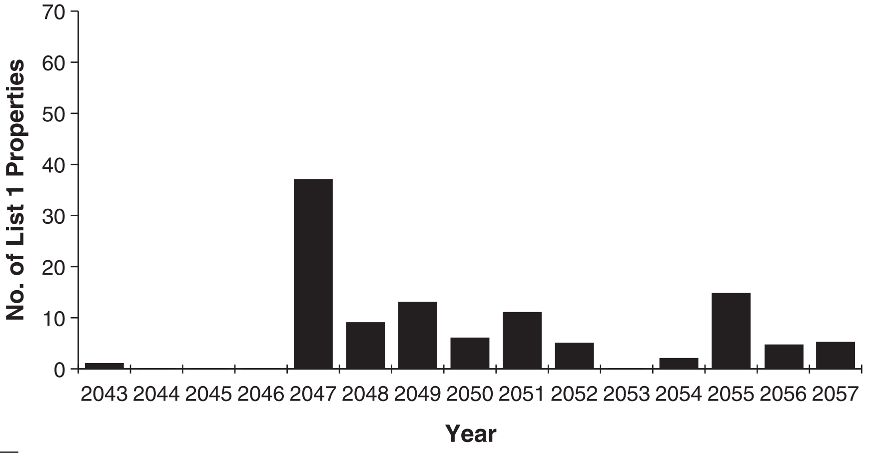
The Manager will continue to maintain and repair the buildings, plant and equipment to ensure the on going smooth functioning of the Properties. See also the sections headed “Strategy” and “Operations of the Manager” in this Offering Circular for further details of arrangements with the PMAs, PSCs, MBOs and Carpark Operators.

Ownership of the Properties

Government Leases and Government Agreement

Land ownership in Hong Kong is held by way of long-term leases or conditions of grant (as the case may be) granted by the Government. In the case of the List 1 Properties, each of them is held under a Government Lease granted by the Government in favour of HKHA for a fixed term of years (with renewal rights in one case) at a nominal premium. For Government Leases that were granted before 27 May 1985, they are subject to payment of a nominal annual rent. For those Government Leases which were automatically extended up to 30 June 2047 upon expiry of their original term without payment of an additional premium, they are subject to payment of an annual rent equivalent to 3% of the rateable value of the relevant List 1 Property. In the case of those Government Leases which were granted after 27 May 1985, they are subject to payment of a nominal annual rent, if demanded, up to 30 June 1997, and thereafter an annual rent equivalent to 3% per annum of the applicable rateable value of the relevant List 1 Property. Government Leases in Hong Kong generally do not include a renewal right.

The following chart illustrates the years of expiry of the Government Leases for the List 1 Properties:



Notes:

(1) Many Government Leases in the New Territories expire on 30 June 2047 because that is the date (being 50 years after 1 July 1997, the date of the resumption of sovereignty over Hong Kong by the People’s Republic of China) which Government policy provided should be the expiry date for the automatic renewals of leases of land in the New Territories which were originally to have expired on 27 June 1997.

(2) The lessee of the Government Lease for one List 1 Property (expiring in 2057) is entitled to renew the Government Lease for a further term of 75 years.

(3) The remaining Government Leases which do not contain a right of renewal on the part of the lessee, as with all land in Hong Kong held under such Government Leases will be dealt with in accordance with the laws and policies in force upon their expiry.

In the case of the List 2 Properties, the Executive Council of the Government has advised and the Chief Executive of the Government has ordered at a meeting held on 15 July 2003 that, for the purpose of the Divestment, the Government should grant Government Leases to HKHA in respect of the Housing Estates within which the List 2 Properties are situated, at a nominal premium.

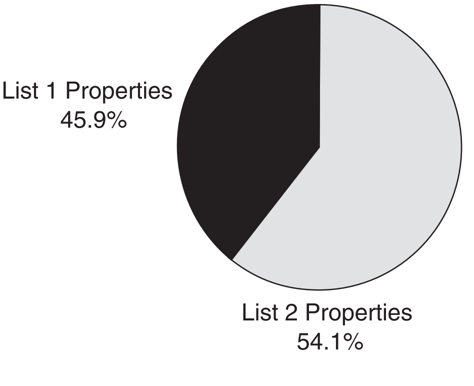
By virtue of the Government Agreement, the Government has agreed to grant Government Leases to HKHA in respect of the Housing Estates within which the List 2 Properties are situated, for a fixed term of 50 years (with no right of renewal) commencing from the date of the Government Leases (see the section headed "Material Contracts and Other Documents and Information — Agreements Relating to the Acquisition of the Properties — Government Agreement" in this Offering Circular). A rent equivalent to 3% per annum of the applicable rateable value of each List 2 Property will be payable upon the grant of the relevant Government Lease.

Apart from payment of a nominal premium by HKHA upon the grant of the Government Lease of the Housing Estate within which a List 1 Property or List 2 Property (as the case may be) is situated, no land premium is payable by HKHA or The Link REIT (through PropCo) to the Government for the grant of such land pursuant to the Government Lease, whether before or after completion of the Global Offering or upon a subsequent sale of the relevant List 1 Property or List 2 Property (as the case may be) by The Link REIT (through PropCo).

Upon completion of the Global Offering, The Link REIT (through PropCo) will be the beneficial owner of all of the Properties. Under the Property Agreement, HKHA has conditionally agreed to transfer legal and beneficial ownership of 76 List 1 Properties, beneficial ownership of 24 List 1 Properties and beneficial ownership of all 80 List 2 Properties to PropCo immediately following receipt of the proceeds of the Global Offering by the Trustee on the Listing Date.

The Property Agreement provides for HKHA to liaise with the relevant Government departments in order for legal title to the 24 List 1 Properties and all 80 List 2 Properties to be transferred to PropCo as soon as reasonably practicable. Pending the transfer to PropCo of the legal title to such 24 List 1 Properties and 80 List 2 Properties, The Link REIT as beneficial owner (through PropCo) will, from the Listing Date, have all the ownership rights associated with such 24 List 1 Properties and 80 List 2 Properties, including the right to receive all rent and other income, to fully manage and let and to securitise the rental income received. The Link REIT will also have the right to assign the benefit of the Property Agreement and the rights of PropCo thereunder. Therefore, during the period of the staged transfer of legal title to the 24 List 1 Properties and 80 List 2 Properties, The Link REIT, as beneficial owner and by virtue of the Property Agreement, is legally entitled to and will be in a position to operate these Properties as if it were the legal and beneficial owner by, for example, being entitled to enforce existing (and new) Leases, having the right to receive the rent and to manage these Properties and, in the event that enforcement action as landlord is required, to undertake such action in its own name.

The following chart illustrates the breakdown of total revenues derived from the List 1 Properties and the List 2 Properties for the year ended 31 March 2005:



Deeds of Mutual Covenant

In Hong Kong, it is common for a number of owners to own collectively both the parcel of land and the building(s) on it. The land and building(s) are held by the co-owners as tenants in common in shares which usually bear some relationship to the size of the individual units held by the various owners within the building(s).

In Hong Kong, the relationship between the co-owners is governed by a document called a deed of mutual covenant (or an instrument of a similar nature), which is an agreement between the co-owners to regulate their co-ownership of the land and building(s) and to provide for the effective maintenance and management of the building(s). A deed of mutual covenant notionally divides the land and building(s) into a number of undivided shares. Some deeds of mutual covenant also provide for management shares to be allocated to each unit for the purpose of calculating a co-owner's contribution to management expenses. Under a deed of mutual covenant, each co-owner is allocated a number of shares which entitle that co-owner to the exclusive use and occupation of the co-owner's unit(s) to the exclusion of other co-owners, and gives each co-owner certain rights and obligations in relation to the use, maintenance and repair of the common parts and facilities of the building(s), to which each co-owner is bound to contribute a proportionate share of the associated costs and expenses by reference to the undivided shares or management shares allocated to its unit. Most deeds of mutual covenant also require a co-owner to pay management fee deposits and make contributions to the management funds before taking possession of its unit.

In respect of 87 of the List 1 Properties, there are existing deeds of mutual covenant for the whole or part of the affiliated Housing Estates. Deeds of mutual covenant for 21 List 1 Properties are under preparation (including for 8 List 1 Properties each of which is erected on a section of a parcel of land, where HKHA is retaining ownership of part of the properties erected on such section). Deed polls, which are required specifically to allocate undivided shares to 21 List 1 Properties, are also under preparation. Such deeds of mutual covenant will be entered into between HKHA and PropCo at the time each legal interest in such part or whole of the 42 List 1 Properties is assigned to PropCo and such deed polls will be executed by HKHA prior to the assignment of each such List 1 Property to PropCo (see the section headed "Background to the Divestment — The Properties — Property Title and Transfer of the Properties to PropCo" in this Offering Circular for further details).

The deeds of mutual covenant in respect of the List 2 Properties will be prepared based on forms substantially agreed with the Lands Department, and will be entered into between HKHA and PropCo at the time each legal interest in the List 2 Properties is assigned to PropCo (see the sections headed "Background to the Divestment — The Properties — Property Title and Transfer of the Properties to PropCo" and "Material Contracts and Other Documents and Information — Agreements Relating to the Acquisition of the Properties" in this Offering Circular for further details).

PropCo, as a co-owner under the relevant deeds of mutual covenant, will have the right to use and enjoy those areas and facilities which are designated as estate common parts and facilities within the relevant Housing Estates, and to attend all meetings of owners. It will also have the obligation to pay the management fee deposits and funds, if so required, under the deeds of mutual covenant and to contribute a proportionate share of the costs and expenses relating to the maintenance, management and repair of those common parts and facilities by reference to the undivided shares or management shares allocated to the relevant List 1 Property or List 2 Property.

The Government Agreement

Historically, the Housing Estates within which 94 of the Properties are located have all been public rental estates which were entirely Government-owned. Accordingly, there has been no need for the Government to put in place Government Leases for such Housing Estates because their management and control have instead been vested in HKHA under vesting orders pursuant to section 5 of the Housing Ordinance (save for one such Housing Estate, Yiu Tung Estate, which has been held under a possession licence from the Government). Thus, in order to create an interest in land which can then be transferred to The Link REIT, it has been necessary to provide that Government Leases be granted in respect of these Housing Estates.

As a result, on 18 November 2004 the Government and HKHA entered into an agreement pursuant to which the Government agreed to: (i) grant full legal title to HKHA in respect of the Housing Estates within which 94 of the Properties are situated, by granting Government Leases for such

Housing Estates to HKHA (based on forms substantially agreed with the Lands Department) as soon as reasonably practicable upon request by HKHA; and (ii) procure that the relevant Government departments lend all reasonable assistance to HKHA to enable the necessary Government Leases to be granted and deeds of mutual covenant (based on forms substantially agreed with the Lands Department) to be completed as soon as reasonably practicable.

Since the date of the Government Agreement, the Government Leases in respect of the Housing Estates within which 14 of the 94 Properties are situated have been granted pursuant to the Government Agreement, and they are now categorised as List 1 Properties. The remaining 80 Properties are categorised as List 2 Properties and they remain the subject of the Government Agreement.

The Government Agreement also provides that, on the day of the execution of each Government Lease, the Government is to revoke any vesting order previously issued for the relevant Housing Estate. In respect of one Housing Estate, Yiu Tung Estate, within which a List 2 Property is situated and which is currently held under a possession licence from the Government, the Government Agreement further provides that such possession licence (if not replaced or superseded by a vesting order on the day of execution of the relevant Government Lease) will be terminated contemporaneously with the grant of the Government Lease for such Housing Estate.

In addition, the Government Agreement expressly states that with effect from the date of the Government Agreement, possession is deemed to have been given to and taken by HKHA of each of the relevant Housing Estates and that, pending the execution of the Government Lease for each Housing Estate, HKHA is granted the right to hold, use, occupy, enjoy, assign, mortgage, charge, let, part with the possession of or otherwise dispose of each Housing Estate or any part thereof or any interest in it or enter into any agreement to do so, subject to the terms and conditions set out in the approved form of Government Lease, as if it had been granted by the Government to HKHA at the date of the Government Agreement. HKHA has therefore acquired a transferable beneficial interest in respect of each of the relevant Housing Estates by virtue of the Government Agreement. It is pursuant to this Government Agreement and by virtue of the Property Agreement that the beneficial ownership of the List 2 Properties will be transferred to The Link REIT upon completion of the Global Offering.

Insurance

In preparation for the Divestment, new insurance arrangements were put in place in respect of the Properties which are independent of the risk management arrangements of HKHA that previously covered the Properties. Since November 2004, the Properties have been insured against, among other risks, those associated with property damage. In respect of public liability insurance, the Properties are currently covered by HKHA's public liability insurance arrangements which will be replaced by The Link REIT's public liability insurance upon the Listing Date. The Link REIT has valid insurance and will maintain insurance, in each case, as required by and in accordance with the REIT Code. The Manager has also put in place employee compensation and third party motor vehicle liability insurances, which are statutory insurance requirements. See also the section headed "Manager's Discussion and Analysis of Future Operations" in this Offering Circular.

Legal and Regulatory Compliance

While under the ownership of HKHA, the Properties are exempt from the requirements of the Lifts and Escalators (Safety) Ordinance and the Buildings Ordinance. However, these ordinances will become applicable in respect of the Properties following the Listing Date, when ownership of the Properties is transferred to The Link REIT. The change in the ownership of the Properties from being public assets owned by HKHA to being private assets owned by The Link REIT or any third party which acquires the Properties from The Link REIT after the Divestment will not, *per se*, render them non-compliant subsequent to the Divestment nor disapply the exemptions applicable under the Buildings Ordinance and the Lifts and Escalators (Safety) Ordinance during the period when the Properties are vested in HKHA.

One of the requirements of the Buildings Ordinance is that an owner who wishes to make alterations or additions to its properties must submit its proposals to the Building Authority for prior approval. Although this statutory requirement does not bind HKHA (save in cases when HKHA has already disposed of part of a building), the buildings in relation to the Properties were, in any event, generally designed and built to comply with the Buildings Ordinance in effect at the time of construction. After the Listing Date, the Properties will be required to be compliant with the Buildings Ordinance and, therefore, any proposals for building works including alterations and additions to the Properties will need to be submitted to the Building Authority for approval prior to the commencement of such works. The Building Authority may require that all such building works that are carried out in respect of a Property after the Listing Date are carried out in such a way that the Property (or the part being altered or added to) will comply with the standards of the Buildings Ordinance applicable at the time.

Although the Properties are exempt, whilst under the ownership of HKHA, from the requirement to comply with the Lifts and Escalators (Safety) Ordinance concerning the maintenance of lifts and escalators, qualified mechanics have tested the lifts and escalators at the Properties in accordance with the standards as stipulated by the ordinance. Certain steps have also been taken to ensure that a smooth transfer of the control of these lifts and escalators to the Electrical and Mechanical Services Department of the Government (EMSD) takes place. Such steps include HKHA entering into an arrangement with EMSD to conduct joint inspections of all the lifts and escalators at the Properties for a period of time prior to the IPO. After the Listing Date, The Link REIT will be responsible for ensuring that all lifts and escalators at the Properties comply with the Lifts and Escalators (Safety) Ordinance.

The Fire Safety (Commercial Premises) Ordinance requires owners and occupiers (including HKHA) of certain kinds of commercial premises and buildings to carry out improvement works with respect to the fire service installations and equipment in the premises/buildings owned by them in order to provide better protection against the risk of fire. Whilst the Properties are not at the present time required to upgrade their fire safety provisions to meet the requirements of the Fire Safety (Commercial Premises) Ordinance and the relevant associated codes of practice, the Building Authority or the Fire Services Department could require enhancement works to be performed at any time. Therefore, although enhancements will be necessary at certain of the Properties to bring them into compliance with the Fire Safety (Commercial Premises) Ordinance, as at the Latest Practicable Date, no works are required. Despite this, HKHA has, on its own initiative, rolled out a programme to bring the Properties into compliance with the Fire Safety (Commercial Premises) Ordinance. Pursuant to such programme, enhancement works are being carried out in four phases. Whilst the majority of the works under the first two phases have been completed, it is currently expected that the works under the third and fourth phases will be completed prior to May 2008 and December 2009, respectively.

The Independent Property Valuer has taken the estimated costs of compliance with the Buildings Ordinance and Fire Safety (Commercial Premises) Ordinance into account in arriving at its valuation of the Properties. The Manager has also considered these estimated costs of compliance in arriving at its budgeted capital expenditure as set out in the section headed "Manager's Discussion and Analysis of Future Operations — Capital Expenditure" in this Offering Circular. As mentioned above, the lifts and escalators at the Properties have been tested in accordance with the standards as stipulated in the Lifts and Escalators (Safety) Ordinance. Other than a small annual inspection fee payable to EMSD in connection with the inspections of the lifts and escalators, no additional compliance costs are currently expected to be incurred in relation to this ordinance.

The Manager holds a valid Estate Agents (Company) Licence issued by the Estate Agents Authority in relation to its management of the leasing of the Properties.

Environmental Compliance

It has been HKHA's policy and it will be The Link REIT's policy to maintain the Properties in compliance with applicable environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control and noise control.

Under HKHA's ownership, the Properties have also been covered by a number of programmes which were aimed at enhancing their environmental performance, such as an asbestos abatement programme. HKHA believes it has removed all of the ACBMs at the Properties with the exception of a small percentage of facilities at which traces of these materials remain in locations considered by HKHA to be inaccessible. However, rectification or remedial action may need to be taken in relation to the remaining ACBMs, and the costs incurred in respect of such rectification or remedial action may be significant. Flower and tree planting, landscaping and greening of slopes have also been carried out in the vicinity of the Properties.

The Manager has not conducted any environmental assessments of the Properties in connection with the Divestment. See the risk factor headed "Risk Factors — Environmental contamination or compliance problems could require The Link REIT to incur material costs" in this Offering Circular.

Due Diligence

The Property Consultant carried out building condition surveys and detailed reviews of the Properties, including in relation to their fabric, structure and building services installations, between March and June 2004. Re-inspections were subsequently carried out on the Properties between December 2004 and June 2005 to re-confirm their overall condition and state of repair. Based on these, the Property Consultant concluded that the Properties were in reasonable condition, consistent with buildings of a similar age and that there were no material defects that would impede the transfer of the Properties.

As part of its review, the Property Consultant estimated the cost of compliance with the latest building and building services regulations and codes of practice and any necessary repairs and maintenance works. The Property Consultant also produced consolidated planned maintenance schedules, which provide an estimated cost for the planned maintenance works for the buildings and the supporting building services for the next 10 years, based on commercial practices. The maintenance and capital expenditure requirements have been categorised as follows:

- immediate building repair costs;
- immediate common area repair costs;
- immediate mechanical and electrical repair costs;
- 10-year forecasts of building repair, maintenance and capital expenditure;
- 10-year mechanical and electrical repair and maintenance capital expenditure forecasts;
- 10-year forecasts of mechanical and electrical repair and maintenance recurrent expenditure;
- Fire Safety (Commercial Premises) Ordinance costs; and
- building and building services regulations compliance costs.

These estimates took into account the maintenance history of the buildings and building services provided by HKHA as well as their existing condition as established by the building condition surveys conducted by the Property Consultant. The Property Consultant's estimated 10 year forecasts for repair, maintenance and capital expenditure (as set out in Appendix VI to this Offering Circular) were calculated on the basis of sufficient work being carried out to maintain the buildings in good condition, consistent with private sector maintenance practices. The repair, maintenance and capital expenditure estimates were calculated on the basis of then current local market rates and, therefore, the future expenditure requirements were comparable with the amounts generally required for properties of similar age and commercial usage. The Property Consultant also identified any valid transferable warranties as confirmed and provided by HKHA. The estimated costs of compliance and planned maintenance schedules were made available to the Independent Property Valuer to facilitate the valuation of the Properties.

As part of its building condition survey, the Property Consultant cross-checked its own findings against certain information provided to it by HKHA. This information comprised, among other things, the HKHA Status Reports and Ring Fencing Reports which were prepared in connection with the Divestment and which contain certain information concerning the condition and characteristics of the Properties. The Property Consultant incorporated certain information from these reports into its Buildings Due Diligence Report, a summary of which is set out in Appendix VI to this Offering Circular. The Property Consultant's review of the HKHA Status Reports and Ring Fencing Reports for the Properties was conducted between March and August 2004, concluding before 30 September 2004, the date of the Independent Property Valuer's valuation of the Properties.

As changes to these reports were made after the Property Consultant's review of the Properties, it was necessary for HKHA to provide such information to the Property Consultant so that the Property Consultant could incorporate any changes in its reports. HKHA has confirmed that it specifically notified the Property Consultant of all material changes made to the HKHA Status Reports and Ring Fencing Reports up to and including 9 September 2005. When notified of changes to the HKHA Status Reports and Ring Fencing Reports, the Property Consultant reviewed the relevant reports again, incorporated necessary changes into its buildings due diligence review and 10 year forecasts of maintenance and capital expenditure, and passed any relevant changes up to and including 9 September 2005 to the Independent Property Valuer for inclusion in its valuation of the Properties. To the extent that any material information affecting the HKHA Status Reports and Ring Fencing Reports was not given to the Property Consultant by HKHA, and thus not provided to the Independent Property Valuer, such information was not taken into account in the valuation of the Properties.

For further details, see the summary of the Property Consultant's buildings due diligence report set out in Appendix VI to this Offering Circular.

In addition to the due diligence carried out by the Property Consultant in relation to the physical condition and state of the Properties, in preparation for the Divestment, the accuracy of HKHA's tenancy data was first independently tested in July and August 2004 by sampling 3,000 out of approximately 13,500 Leases in those retail facilities of HKHA which were, at the time of spreadsheet checking, under consideration for inclusion in the portfolio to be divested ("Provisionally Selected Facilities"). Woo Kwan Lee & Lo, solicitors, instructed by The Link REIT, checked HKHA's internal records as at 10 July 2004 against 3,000 actual tenancy and licence documents. The first batch of 2,000 of these documents were chosen because they represented the most material tenancies/ licences in terms of contribution to total rental income, with at least one tenancy/licence selected from every Provisionally Selected Facility. Where Provisionally Selected Facilities did not have tenancies/ licences which would, by virtue of their rental, otherwise fall into this category, then the largest tenancy/ licence in terms of rental income from such a Provisionally Selected Facility was included in the first 2,000. In order to check consistency of data throughout the portfolio, an additional batch of 1,000 tenancy and licence documents was picked at random. The results of this checking were considered to be satisfactory and demonstrated a level of accuracy sufficient to enable the Independent Property Valuer to rely on the internal records generally in preparing its valuation. Final checking was completed to include general conformity of the updated 31 August 2004 schedule, including a full check of all material tenancies/licences against the 31 August 2004 version of the internal records. These comprised a total of 629 tenancies/licences selected on the basis that they: (i) accounted for around 50% of total rental income entitlement from the Retail Facilities; and (ii) provided geographical diversity across the Retail Facilities in the portfolio (with at least one from every Retail Facility where there was a tenancy/licence of retail space).

In September 2005, this checking exercise was refreshed. Woo Kwan Lee & Lo checked the spreadsheet data from the Manager's tenancy information system as at 31 July 2005 and compared such data against the spreadsheets which were checked in 2004. Since 17 of the original 629 tenancies/licences had since expired, corresponding new tenancies/licences were added to the sample (now, 628 tenancies/licences) and a full check of those new tenancies/licences was made against the 31 July 2005 spreadsheet. In addition, a further random sample of 372 tenancies/licences was selected (which included tenancies/licences entered into since 10 July 2004 and a full check made against the 31 July 2005 spreadsheet resulting in a total sample of 1,000 tenancies/licences checked against spreadsheets in October 2005). The results of this checking were also considered to be satisfactory and sufficiently accurate for the purposes mentioned above.

IT Systems

Historically, HKHA has used various IT systems to carry out different management and administrative functions relating to the RC Operations. These systems assist HKHA in accessing records pertaining to the RC Operations and their tenants. In preparation for the Divestment, the Manager has put into place three core IT systems that replicate those used by HKHA for the Properties. These are the Finance Information System, the Commercial Property Management System and the Maintenance Management Information System, which are systems relating to financial information, property management and maintenance, respectively. The Financial Information System sets out the general ledger data pertaining to the Properties and has been in place since March 2005. The Commercial Property Management System stores the operational information in relation to the tenancies, including such items as stock, tenant trade type and occupancy data and has been in place since December 2004, although certain additional features have since then been added. The Maintenance Management Information System allows the Manager to ascertain the records of the works carried out by its contractors (including work progress and budget and payment status) and has been in place since March 2005.

Other peripheral applications include the car park management information system which enables the automation of the collection of carpark utilisation and revenue information from Carpark Operators and systems relating to human resources functions and the operation of The Link REIT's corporate web site and intranet.

These systems currently operate on hardware that is separate from the hardware on which HKHA's systems operate. All application support is performed by a team of the Manager's employees comprising individuals who were previously employed by HKHA who were responsible for operating HKHA's corresponding application systems and/or individuals previously employed by the developers of the relevant systems. Maintenance services in respect of these systems are provided by those service providers who provide maintenance services in respect of HKHA's corresponding systems.

Pursuant to the Service Level Agreement, HKHA is required to provide IT infrastructure support to the Manager for a period of six months after the Listing Date. See the section headed "Operations of the Manager" in this Offering Circular for further details.

Other Issues Related to the Business

Intellectual Property Rights

The Link REIT operates under the names "The Link Real Estate Investment Trust" and "領匯房地產投資信託基金". The Manager has registered these names and their variations as well as the corporate logo of The Link REIT as trade marks in various classes of goods and services in Hong Kong. See the section headed "Material Contracts and Other Documents and Information — Intellectual Property Rights" in this Offering Circular for further details.

Legal Proceedings

HKHA is not engaged in any material litigation or arbitration proceeding affecting the Properties and no such material litigation or claim is known by HKHA to be pending or threatened against it.

As at the Latest Practicable Date, no member of The Link REIT's Group (including the Manager) was party to any legal proceedings nor, to the Directors' knowledge, was any material litigation pending or threatened against any of them.

See the section headed "Risk Factors — Risks from Future Challenge" in this Offering Circular.

Profile of the Top 25 Properties

The following table sets out key operating data in respect of the Top 25 Properties[1]:

Property	District[2]	Valuation[3]	Year of commencement of business[4]	Total GFA (as at 31 July 2005)	Total IFA[5] (as at 31 July 2005)	No. of carpark spaces (as at 31 July 2005)	Annual revenues 2003	Annual revenues 2004	Annual revenues 2005	Annual revenues as a % of total revenues 2003	Annual revenues as a % of total revenues 2004	Annual revenues as a % of total revenues 2005	Retail occupancy rate As at 31 March 2003	Retail occupancy rate As at 31 March 2004	Retail occupancy rate As at 31 March 2005	Retail occupancy rate As at 31 July 2005	Top 3 tenants[6]
		(HK$'M)		(sq.m.)	(sq.m.)			(HK$'M)			(%)			(%)		(%)	
Lok Fu	KC	1,664.5	1984 & 1985	63,003.4	37,161.1	753	144	133	141	3.8%	3.8%	3.8%	97.9%	96.9%	98.1%	96.7%	i) Aeon Stores (HK) Company Limited ii) HK Catering Management Limited iii) The Dairy Farm Company Limited
Sheung Tak...........	TKO	889.0	1998	24,842.0	11,384.0	1,280	87	86	87	2.3%	2.4%	2.4%	96.6%	100.0%	99.7%	99.7%	i) Goldrise Investment Limited ii) A.S. Watson Group (HK) Limited iii) Café de Coral Holdings Limited
Sau Mau Ping.........	TKO	1,029.1	2002	27,788.1	14,245.5	816[8]	52	70	82	1.4%	2.0%	2.2%	81.6%	95.0%	96.0%	97.6%	i) The Dairy Farm Company Limited ii) Goldrise Investment Limited iii) Full Pearl Limited
Tsz Lok (Tsz Wan Shan SC)...........	KW	955.2	1997	36,683.3	19,819.0	940	98	86	77	2.6%	2.4%	2.1%	99.0%	64.4%[7]	62.5%	62.3%	i) A.S. Watson Group (HK) Limited ii) Well Sighted Limited iii) Goldenrife Development Limited
Tin Chung (Chung Fu Shopping Ctr)	YLT	962.9	1999 & 2001	36,747.5	21,029.3	1,177	73	57	68	1.9%	1.6%	1.8%	92.4%	94.2%	94.0%	92.2%	i) A.S. Watson Group (HK) Limited ii) The Dairy Farm Company Limited iii) Modern Market Management Limited
Kai Tin	KEH	735.1	1999 & 2003	32,854.9	16,526.0	461	63	55	66	1.7%	1.6%	1.8%	96.3%	65.0%[9]	72.5%	69.4%	i) Wang On Group Limited ii) Maxim's Caterers Limited iii) The Dairy Farm Company Limited
Hau Tak II	TKO	682.6	1993	29,477.0	15,353.5	623	70	65	66	1.9%	1.9%	1.8%	94.2%	94.5%	87.7%	88.2%	i) Wang On Group Limited ii) A.S. Watson Group (HK) Limited iii) Tao Heung Holding Limited
Lower Wong Tai Sin II (WTS SC).....	KC	639.7	1983	25,870.5	14,410.4	688	70	63	63	1.8%	1.8%	1.7%	97.0%	96.2%	97.7%	97.1%	i) The Dragon Way Restaurant Company Limited ii) Café de Coral Holdings Limited iii) A.S. Watson Group (HK) Limited

Property	District[2]	Valuation[3] (HK$'M)	Year of commencement of business[4]	Total GFA (as at 31 July 2005) (sq.m.)	Total IFA[5] (as at 31 July 2005) (sq.m.)	No. of carpark spaces (as at 31 July 2005)	Annual revenues 2003 (HK$'M)	Annual revenues 2004 (HK$'M)	Annual revenues 2005 (HK$'M)	Annual revenues as a % of total revenues 2003 (%)	Annual revenues as a % of total revenues 2004 (%)	Annual revenues as a % of total revenues 2005 (%)	Retail occupancy rate As at 31 March 2003 (%)	Retail occupancy rate As at 31 March 2004 (%)	Retail occupancy rate As at 31 March 2005 (%)	Retail occupancy rate As at 31 July 2005 (%)	Top 3 tenants[6]
Upper Wong Tai Sin (Lung Cheung Mall)	KC	648.1	2001	25,245.1	11,826.5	473	62	57	62	1.6%	1.6%	1.7%	98.3%	98.3%	98.8%	99.0%	i) A.S. Watson Group (HK) Limited ii) Lucky House Restaurant (Group of Companies) iii) Fu Kong Restaurant Limited
Tin Chak	YLT	593.8	2001	23,549.0	12,693.8	302	56	58	60	1.5%	1.7%	1.6%	94.0%	93.6%	95.4%	95.8%	i) Wang On Group Limited ii) The Dairy Farm Company Limited iii) Hoi Tat Restaurant Holding Company Limited
Cheung Fat	KTI	445.7	1989	30,530.3	13,953.0	590	58	50	57	1.5%	1.4%	1.5%	84.0%	77.3%[10]	84.0%	84.4%	i) China Resources Retail (Group) Company Limited ii) Greenwood Restaurant Limited iii) A.S. Watson Group (HK) Limited
Leung King	YLT	492.4	1988	35,750.6	17,414.0	616	60	53	55	1.6%	1.5%	1.5%	99.6%	99.9%	98.5%	98.6%	i) The Dairy Farm Company Limited ii) Pricerite Stores Limited iii) Maxim's Caterers Limited
Tai Wo	TPN	553.2	1989	23,864.2	13,683.1	454	58	52	55	1.5%	1.5%	1.5%	95.3%	98.1%	88.7%	88.8%	i) A.S. Watson Group (HK) Limited ii) Maxim's Caterers Limited iii) Café de Coral Holdings Limited
Butterfly	YLT	498.2	1983	29,410.6	15,290.1	313	57	52	55	1.5%	1.5%	1.5%	95.0%	96.0%	95.4%	95.1%	i) The Dairy Farm Company Limited ii) Mei King Supermarket & Department Store Limited iii) Peak Investments Limited
Choi Ming	TKO	515.3	2001 & 2003	12,240.7	8,146.4	765	30	41	54	0.8%	1.2%	1.5%	93.9%	75.4%	97.0%	93.6%	i) Goldrise Investment Limited ii) The Dairy Farm Company Limited iii) A.S. Watson Group (HK) Limited
Chuk Yuen (South)	KC	429.5	1984	24,121.4	12,900.7	1,103	54	49	51	1.4%	1.4%	1.4%	93.6%	94.7%	96.9%	95.4%	i) The Dairy Farm Company Limited ii) Queenpo Investment Limited iii) A.S. Watson Group (HK) Limited
Wo Che	S&M	404.6	1977	29,273.2	16,702.8	828	56	51	49	1.5%	1.5%	1.3%	79.5%	81.5%	75.3%	75.9%	i) The Dairy Farm Company Limited ii) Flying Limited iii) Maxim's Caterers Limited

Property	District[2]	Valuation[3]	Year of commencement of business[4]	Total GFA (as at 31 July 2005)	Total IFA[5] (as at 31 July 2005)	No. of carpark spaces (as at 31 July 2005)	Annual revenues 2003	Annual revenues 2004	Annual revenues 2005	Annual revenues as a % of total revenues 2003	Annual revenues as a % of total revenues 2004	Annual revenues as a % of total revenues 2005	Retail occupancy rate As at 31 March 2003	Retail occupancy rate As at 31 March 2004	Retail occupancy rate As at 31 March 2005	Retail occupancy rate As at 31 July 2005	Top 3 tenants[6]
		(HK$'M)		(sq.m.)	(sq.m.)			(HK$'M)			(%)			(%)		(%)	
Oi Man	KW	382.6	1975	30,273.3	15,199.7	808	52	46	48	1.4%	1.3%	1.3%	94.0%	94.1%	90.2%	90.0%	i) The Dairy Farm Company Limited ii) Oi Man Supermarket Limited iii) Kenwise Limited
Ma Hang (Stanley Plaza)	KEH	429.2	1999 & 2000	16,856.9	8,362.9	426	41	45	48	1.1%	1.3%	1.3%	91.6%	92.7%	98.7%	99.6%	i) A.S. Watson Group (HK) Limited ii) Pioneer Win Development Limited iii) Kingdom Restaurant Company Limited
Tin Yiu I	YLT	417.0	1992	16,934.0	7,244.0	480	51	47	48	1.4%	1.3%	1.3%	99.0%	99.3%	97.8%	97.6%	i) Maxim's Caterers Limited ii) The Dairy Farm Company Limited iii) McDonald's Restaurants (HK) Limited
Siu Sai Wan	KEH	393.6	1989	17,028.1	8,599.3	558	45	42	45	1.2%	1.2%	1.2%	89.9%	91.9%	96.5%	91.1%	i) The Dairy Farm Company Limited ii) Café de Coral Holdings Limited iii) Hong Kong Jockey Club
Tak Tin	TKO	369.6	1991	16,739.2	8,362.8	754	46	43	45	1.2%	1.2%	1.2%	99.9%	99.4%	100.0%	99.6%	i) A.S. Watson Group (HK) Limited ii) Cityplaza Harbour Restaurant Limited iii) Café de Coral Holdings Limited
Tin Shing	YLT	391.6	2000	14,247.7	7,418.0	1,458	45	42	44	1.2%	1.2%	1.2%	96.4%	100.0%	100.0%	100.0%	i) Wang On Group Limited ii) A.S. Watson Group (HK) Limited iii) Rendezvous Investment Company Limited
Choi Wan I	KC	299.5	1980	31,481.9	14,279.1	859	49	45	43	1.3%	1.3%	1.2%	97.6%	94.8%	94.2%	95.4%	i) A.S. Watson Group (HK) Limited ii) Lucky Dragon Restaurant Limited iii) Ho Choi Restaurant Limited
Choi Yuen	TPN	362.2	1982	21,709.0	12,076.0	536	44	40	43	1.2%	1.1%	1.2%	95.5%	99.1%	97.4%	99.6%	i) The Dairy Farm Company Limited ii) A.S. Watson Group (HK) Limited iii) Pricerite Stores Limited

Notes:

(1) Ranked by total revenues.

(2) "KC" means Kowloon Central; "KEH" means Kowloon East, Hong Kong Island; "KW" means Kowloon West; "TKO" means Tseung Kwan O; "KTI" means Kwai Chung, Tsing Yi, Tsuen Wan & Island; "TPN" means Tai Po and North; "S&M" means Shatin & Ma On Shan; and "YLT" means Yuen Long and Tuen Mun.

(3) Valued by CB Richard Ellis Limited.

(4) Refers to the year of completion of the Property.

(5) Applicable for Retail Operations only.

(6) Refers to the three largest tenants (in terms of annualised rental income calculated based on the monthly base rent for July 2005).

(7) The total leased IFA decreased by 6,895 sq.m. as a result of a large department store vacating its premises on 31 March 2004.

(8) Carpark including Sau Mau Ping III.

(9) The total stock of IFA increased by 6,124 sq.m. as a result of the completion of the Kai Tin SC Extension on 31 March 2004.

(10) The total leased IFA decreased by 1,203 sq.m. as a result of an antique and art shop and a speciality restaurant vacating their premises on 31 March 2003.