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The Link Real Estate Investment Trust

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

CLARIFICATION ANNOUNCEMENT

This announcement is made by the Manager in response to recent coverage in the media and market speculation regarding certain allegations raised by the EAA concerning possible unlicensed estate agency work relating to The Link REIT.

The Link Management Limited (the “**Manager**”), as manager of The Link Real Estate Investment Trust (“**The Link REIT**”), issues this announcement in response to recent coverage in the media and market speculation regarding certain allegations raised by the Estate Agents Authority (the “**EAA**”). These allegations concern possible unlicensed estate agency work relating to The Link REIT.

Background

The Link REIT is constituted as a unit trust, whose units are listed on the Hong Kong Stock Exchange. It owns a portfolio of 180 retail and carpark facilities in Hong Kong (“**Properties**”).

HSBC Institutional Trust Services (Asia) Limited (“**Trustee**”) is the trustee of The Link REIT, the Manager is its manager, and The Link Properties Limited (“**LPL**”) is the owner of the Properties which LPL acquired from the Hong Kong Housing Authority in connection with the listing of The Link REIT’s units on the Hong Kong Stock Exchange in November 2005.

The Link REIT was founded on an internally-managed REIT structure in that the Manager is wholly-owned by the Trustee on trust for the benefit of the unitholders, as part of The Link REIT’s assets. LPL is also wholly-owned, indirectly, by the Trustee in its capacity as trustee of The Link REIT. In other words, both the Manager and LPL are, in a REIT context, the equivalent of wholly-owned subsidiaries of The Link REIT.

Under the trust deed constituting The Link REIT dated 6 September 2005 (as supplemented by supplemental deeds of various dates), the Manager is vested with general power to manage and operate The Link REIT, and is responsible for, among other things, the overall management of the Properties. Further and more specifically, under a power of attorney dated 25 November 2005, LPL has appointed the Manager as its attorney and has authorised the Manager, on behalf and in the name of LPL, to take any action relating to or in connection with the Properties.

On 20 May 2005, the EAA granted the Manager (which at that time was a wholly-owned subsidiary of the Hong Kong Housing Authority) an estate agent's licence under the Estate Agents Ordinance ("EAO"). The licence was not renewed when it expired on 19 May 2009, because the Manager did not manage or lease properties other than the Properties owned by The Link REIT.

EAA's allegations

The Manager received a letter dated 2 December 2009 from the EAA, in which the EAA alleged that the Manager had employed unlicensed staff to carry out estate agency work, and had carried out estate agency work without a valid estate agent's licence after its licence expired on 19 May 2009. It is further alleged that directors and other officers concerned in the management of the Manager may be liable under the EAO for the alleged breaches of the Manager.

The Manager is recently informed by the EAA that it has referred the matter to the police for follow-up action.

The Manager's present view

After receiving the letter from the EAA, the Manager's board of directors ("**Board**") and its senior management have been considering the allegations with its legal advisers. The Manager continues to work with its legal advisers to assess its legal position in relation to the allegations levelled. While it is premature to comment at this stage as to whether there are sufficient grounds to successfully resist all of the EAA's allegations, the Manager reiterates that it has never performed any leasing activity in respect of properties other than the Properties owned by The Link REIT.

Nonetheless, even if the EAA's allegations are proved, the Board considers that for the following reasons, neither the Manager nor The Link REIT will be affected to any significant extent:

- The Manager has obtained legal advice that the leases which were arranged by the Manager and entered into by LPL are, and will continue to be, valid and binding on the tenants, regardless of whether there were irregularities relating to the Manager's estate agent licensing status under the EAO.
- Having regard to legal advice the Manager has obtained, the Board considers that the likelihood of there being any exposure to its directors and other officers which may result in disruption to The Link REIT's business or operations is low.
- The maximum statutory penalties on the part of the Manager for the alleged breaches are fines of an amount not significant to the business of The Link REIT.
- With effect from July 2009, the Manager has put in place arrangements whereby all relevant leasing work is now being done by LPL itself. The Manager is advised that with these arrangements in place, LPL, as owner of the Properties, does not require any licence under the EAO to operate its leasing business.

Based on the above considerations and the information available to the Manager at this time, the Board is of the view that this matter does not constitute price-sensitive information of The Link REIT that is discloseable under the Code on Real Estate Investment Trusts ("**REIT Code**") or the Hong Kong Stock Exchange Listing Rules. The Manager makes this announcement on a voluntary basis, and the Board is not aware of any other information that is discloseable under paragraphs 10.3 or 10.4 of the REIT Code.

The Manager continues to work with its legal advisers to monitor and assess its legal position in respect of this matter with paramount consideration to the interests of The Link REIT and its unitholders as a whole.

The Manager will keep the Securities and Futures Commission informed of any subsequent material developments in this matter, and will make further announcement(s) if and when considered necessary or appropriate.

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

Hong Kong, 22 December 2009

As at the date of this announcement, the Board of the Manager comprises:

Chairman (also an Independent Non-Executive Director)

Nicholas Robert SALLNOW-SMITH

Executive Directors

Ian David Murray ROBINS (*Chief Executive Officer*)

George Kwok Lung HONGCHOY (*Chief Financial Officer*)

Non-Executive Director

Ian Keith GRIFFITHS

Independent Non-Executive Directors

Michael Ian ARNOLD

William CHAN Chak Cheung

Anthony CHOW Wing Kin

Patrick FUNG Yuk Bun

Stanley KO Kam Chuen

David Charles WATT

Richard WONG Yue Chim

Allan ZEMAN