

The Link Management Limited 領匯管理有限公司

Manager of The Link REIT

By Fax and Dispatch

Ms Connie SZETO
Clerk to Panel on Housing
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central, Hong Kong.

22 December 2006

Dear Ms Szeto,

Meeting of Panel on Housing on 4 January 2007

I refer to your letter dated 8 December 2006. Our reply to the various issues raised is as follows.

The Link's Direction for Future Development

Since the listing of The Link REIT, we have been committed to developing our properties' full potential to serve the public, with a view to bring customers more choices in shopping and leisure and creating more job opportunities for the neighborhood. In keeping with our commitment to the public and investors, we will, as far as practicable, implement business initiatives to more closely cater to customers' needs, with reference to unique circumstances of individual properties.

According to independent opinion surveys conducted on our asset enhancement projects in June and September 2006 by the Hong Kong Polytechnic University's Centre for Social Policy Studies, 90% of interviewees believed our works have benefited nearby residents; 89% said prices of goods available from tenants are affordable; and 83% wanted those enhancements in more of our shopping centres. These findings are encouraging. Asset enhancement is an on-going exercise. We will continue to bring more customers to our shopping centres, develop our properties' full potential and serve our customers.

Leasing-related Matters

For latest six-month financial results reporting period, occupancy rate for our overall portfolio increased by 1.3 percentage points to 92.3% as compared to the preceding reporting period, as some of the previously vacant retail spaces have been taken up by tenants, thanks largely to our proactive leasing strategy and improvements in business environment attributable to an improving economy. In general, when tenancy expires, both sides may decide whether or not to renew tenancy based on their own commercial considerations. This arrangement is in line with common market practice. Our rental reversion rates vary from case to case depending on tenants' own circumstances, and averaged 8.3% in the aforementioned reporting period.

“One-Stop Medical Zone Concept” Facility

As part of our efforts to enhance our shopping centres, we are in the process of developing the “one-stop medical zone” concept as far as circumstances allow, with reference to unique circumstances of individual properties. Conceived from the service user's perspective, the concept seeks to offer greater convenience to the public with one-stop access to medical, specialist, dental and laboratory services, in a self-contained, integrated service facility housing a number of service providers. The one-stop facility will group existing clinics together, and bring in medical services matching the needs of the local population.

Generally speaking, depending on the actual environment, the proposed Medical Zone will adopt as many of the following features as possible

1. One-stop shop for medical service
2. Standalone ventilation system
3. Dedicated Washrooms
4. Waiting lobby
5. Easy accessibility
6. Possibility for extension of service hours

It should be emphasised that the above-mentioned concept is under study. We will keep on our communications with parties concerned and take into account the feasibility for implementing those plans and customers' needs in arriving at a decision for those plans. The 3rd floor of Lung Cheung Mall, mentioned in your letter, is a possible location being considered for such facility. The area, currently being used as The Link's office, is part of the shopping centre, and is easily accessible via elevators from each floor of the mall. For details about "One-Stop Medical Zone", please refer to appendix I.

Corporate Social Responsibility

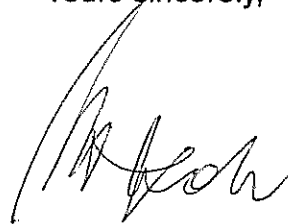
As a manager of these properties, we attach great importance to corporate social responsibility. We have recently pledged our full support to the "Wage Protection Movement" launched by the government. We have been pursuing initiatives aiming to serve the community. For example, we are committed to serving the public by designating 8% of our total retail floor area for leasing at concessionary rent by non-profit making organizations, such as welfare and educational groups.

In addition, we regularly grant community groups rent-free access to our promotion venues, thereby facilitating them to host a great number of worthwhile community events in our shopping centres. These events promote community well-being by raising funds for the needy, advancing civic education, enriching cultural life and increasing health and environmental awareness. We were recently presented with the "Devoted Sponsorship and Promotion Award" by Social Welfare Department, in recognition for our efforts in this area. In partnership with social service and environmental groups, we have also organized a number of promotional events to support charitable causes, an example being donating to a charitable organization the promotional event's income before expenses. With the team slogan "Contribute To Our Society, Together For Charities," our staff volunteer team extends our care to the needy in the community. Apart from organising volunteer service events at our properties, the team also visits those in need to bring them joy and warmth.

We thank you for inviting us to attend LegCo Panel on Housing meeting on 4 January, 2007. As I stated at the joint meeting of the Panel on Housing and Panel on Manpower on 5 June 2006, we always handle leasing-related matters along prudent commercial principles. We hope you will understand that rental adjustments being matters between our company and tenants, it is inappropriate for our company to publicly discuss related matters in details.

The Link REIT's sizeable property portfolio spans over various districts in Hong Kong, Kowloon and New Territories, with tenants engaging in a wide range of business. We will continue to handle matters involving individual facilities through day-to-day operations and communications in the district, with a view to providing customers with better service.

Yours sincerely,



Victor So
Chief Executive Officer

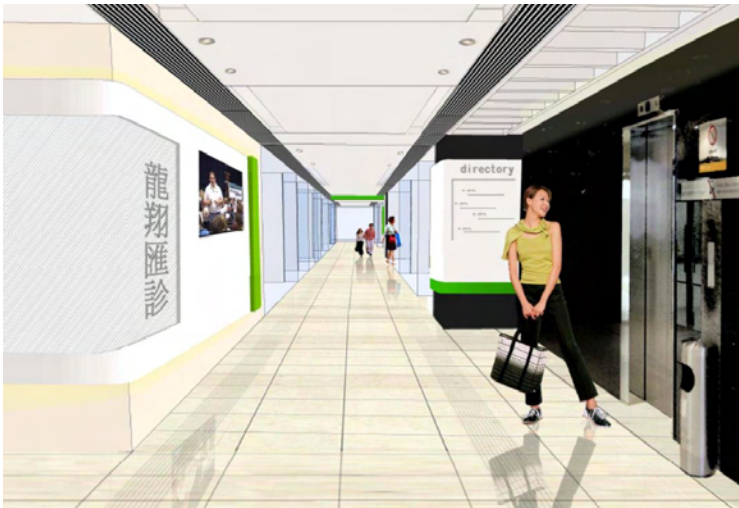
cc : Hon Lee Wing-tat (Chairman, Panel on Housing, Legislative Council)
Mr Vic Yau (Housing, Planning and Lands Bureau)

Introduction to The Link's
“One-Stop Medical Zone” Concept

The Link Management Limited
December 2006

The Link's "One-Stop Medical Zone" Concept

As part of our efforts to enhance our shopping centres, we are in the process of developing the "one-stop medical zone" concept as far as circumstances allow, with reference to unique circumstances of individual properties. Conceived from the service user's perspective, the concept seeks to offer greater convenience to the public with one-stop access to medical, specialist, dental and laboratory services, in a self-contained, integrated service facility housing a number of service providers. The one-stop facility will group existing clinics together, and bring in medical services matching the needs of the local population.

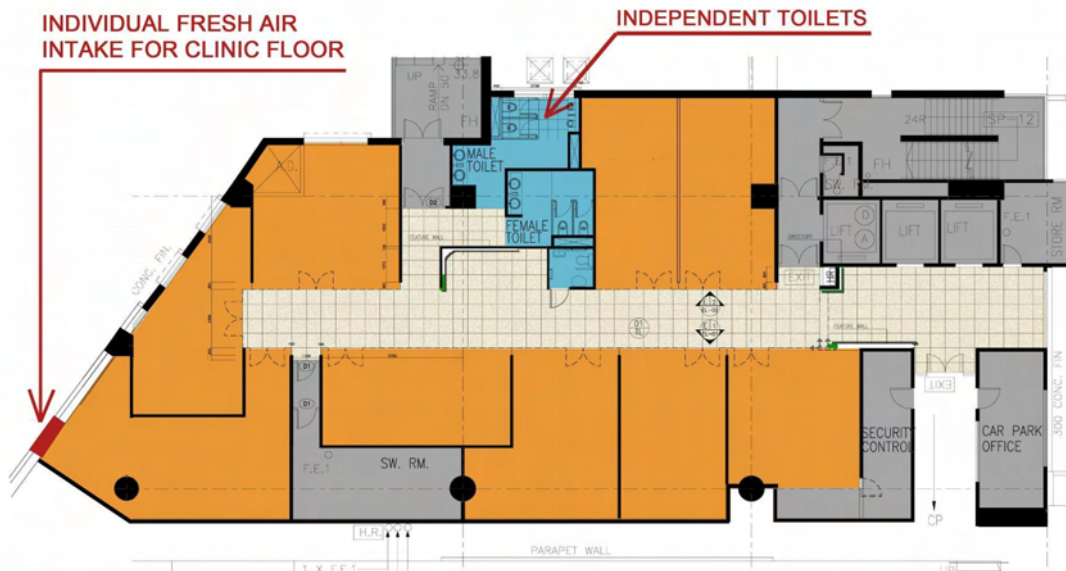


One-stop shop for medical service

- Medical service is made more flexible by introducing specialist services with reference to the district's demographical characteristics and supporting longer service hours, to better meet the needs of the community and customers.

Standalone Ventilation System

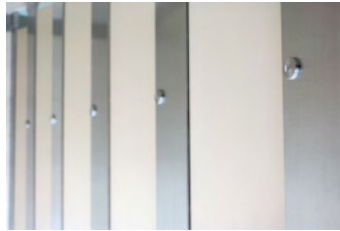
- Fresh air supply directly from outdoor
- Standalone ventilation system independent of that of the shopping centre
- Beneficial to medical zone's staff and visitors as well as visitors to the shopping centre



Dedicated Washroom



- Washrooms dedicated to medical zone visitors
- Equipped with user-friendly design features to achieve better convenience and hygiene, e.g. automatic faucets, touchless / doorless design
- Better illumination; extra handrails and racks to facilitate those taking medical test samples



Waiting Lobby

- Dedicated waiting lobby in medical zone, on top of waiting area for each clinic
- More space and comfort for visitors and those accompanying them

Easy Accessibility

- Strategically located to be easily accessible on foot or by car:
 1. accessible by elevator
 2. carpark drop off point nearby
 3. without having to go through crowded areas in the mall
 4. appropriate pathway and accessibility facilities for the elderly and the physical disadvantaged



If relocation of existing clinics is required, proper arrangements will be made to direct customers to the new location by:

- setup of new directional sign posts
- posting of service personnel to give directions and assistance



Extension of service hours

- If practicable, medical zone is enabled, through access control, to have longer opening hours and to provide service at night, without being limited by the mall's operating hours
- If necessary, doctors can see patients at clinics outside opening hours as necessary



Locations under consideration

- The Link will introduce the “one-stop medical zone” concept to locations which may accommodate the six features as mentioned above, as far as practicable, to provide better service for customers



A possible location being considered is on 3/F Lung Cheung Mall, Wong Tai Sin.

The area is:

- part of the shopping centre, currently used as The Link’s office and completely separated from the carpark nearby
- easily accessible via elevators from each floor of the mall. Visiting by car is just as easy from carpark drop-off point.
- with air quality ranked at “Good Class”, according to air quality testing conducted by independent testing centre. The rank means that air quality provides protection to the public at large including the young and the elderly.
- able to offer the six features of The Link’s Medical Zone concept mentioned above to provide better service for customers



The “One-stop Medical Zone” concept is still under study. Views are welcome.

The Link customer service hotline: 3168 0080 (service hours: from 9 am to 8 pm, Monday to Sunday)

The Link’s website: www.thelinkreit.com