



Acquisition of Corporate Avenue 1 & 2 in Shanghai July 2015

Property Particulars Corporate Avenue 1 & 2, Xintiandi



Property	Corporate Avenue 1 & 2		
Address	No. 202 and 222 Hu Bin Road and No.333 South Huang Pi Road, Huangpu District		
Building Completion	End-2003		
	Block One: 21 floors (office: 19 , retail: 2)		
No. of Floors	Block Two: 10 floors (office: 8, retail: 2)		
	Retail Pavilion: 2 floors (retail)		
	Basement: 2 levels		
Gross Floor Area	Total	98,080 sqm	
	 Office 	75,780 sqm	
	 Retail 	7,375 sqm	
	Others (basement	14,925 sqm	
Car Park	c. 226 car park spaces		
Agreed Property Value	RMB 6,600.86 million		
Completion of Acquisition	24 August 2015 (extendable to 31 August 2015)		







Acquisition of Corporate Avenue 1 & 2 Financial Impact



Valuation

Agreed Property Value		RMB 6,600.86 million
Valuation by CBRE (Link's Principal Valuer)	RMB psm	RMB'M
Office Retail Car park	73,502 117,967 -	5,570 870 60
Total		6,500
Valuation by Knight Frank (vendor's valuer)		6,448.6

Financing

To be funded by own cash resources and/or debt facilities

Rental income

Monthly rental income
 (excl. management fees, car park and other income)

approx. RMB24.6 million (1)

Impact on gearing

-	Debt to total assets as at 31 March 2015	11.9%
	Pro-forma adjusted ratio of debt to total assets as at 31 March 2015	18.7% ⁽²⁾

Notes:

- (1) According to valuation report dated 22 July 2015 by CBRE based on 30 June 2015 tenancy schedule provided by the vendor.
- (2) After adjusting for the impact of final distribution paid on 7 July 2015 and the completion of EC Mall acquisition on 1 April 2015.

Acquisition of Corporate Avenue 1 & 2 Investment Rationale



Prestigious location

- Located in the well-established Huaihai Middle Road CBD in Huangpu District
- A renowned and affluent commercial and residential area with strong foot traffic
- Close proximity to four Metro stations (along Metro lines 1, 8 and 10) and extensive facilities

Premium Grade A office with established track record

- Top class specifications and efficient design
- Preferred choice for prestigious companies top 10 office tenants are MNCs in professional services, multimedia, banks, and industrial goods sectors
- High occupancy (currently 100% for retail, 98.3% for office) with good historical retention rates⁽¹⁾

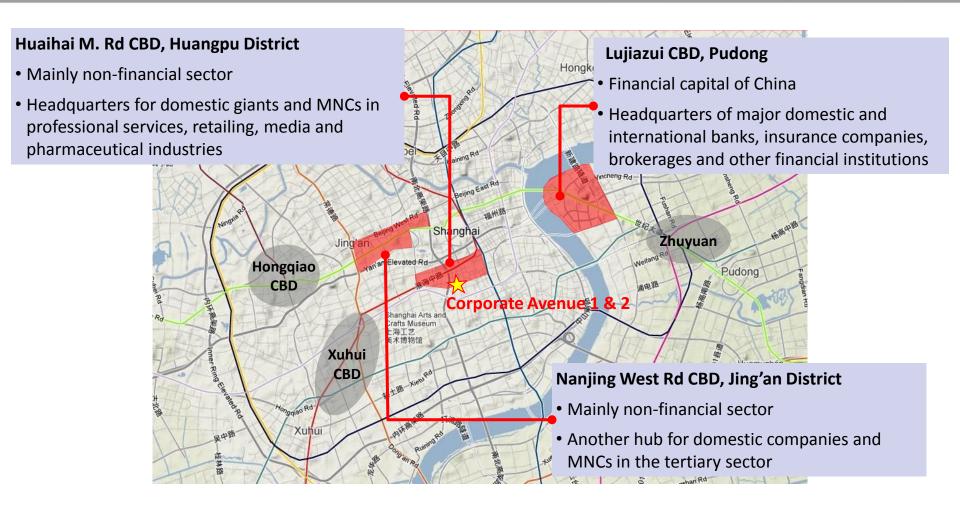
Continuous strong demand for Shanghai office space

- Continued government support to position Shanghai as China's financial and trading centre
- Tertiary/service industries expected to grow and drive demand for premium office space

Attractive supply demand dynamics in core CBDs

- New supply in core CBD to level off by 2017
- Rising demand from domestic companies which still have relatively low presence in core CBD compared to other major cities





Unlike core CBDs which have no readily developable land in the foreseeable future, other CBDs (such as Hongqiao, Xuhui and Zhuyuan) face higher risk of oversupply

Xintiandi Area Bustling Commercial Hub with Extensive Facilities





Xintiandi — served by 4 Metro stations and shopping, entertainment, hotel, residential and leisure facilities within a 1-km radius — provides one of the most attractive office locations

Premium Grade A Specifications Classic Design



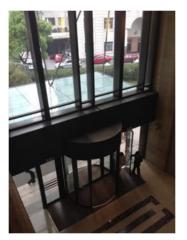
Timeless Art Deco design













Impressive grand entrance lobby

Premium Grade A Specifications Top Class Features



Comparison of physical specifications

	Premium Grade A Standard	Corporate Avenue 1 & 2
Location	Core CBD	✓ Huaihai M. Rd CBD
Accessibility	<1 km to Metro	√ 0.6 km to Xintiandi Station
Typical floor plate	≥1,700 sqm	Tower 1: 2,200-3,000 sqm Tower 2: 1,900 sqm
Ceiling height (clear ceiling)	≥2.7 m	✓ 2.75 m
Lobby height	8-10 m	✓ 12 m
Raised floor	100-150 mm	✓ 200 mm

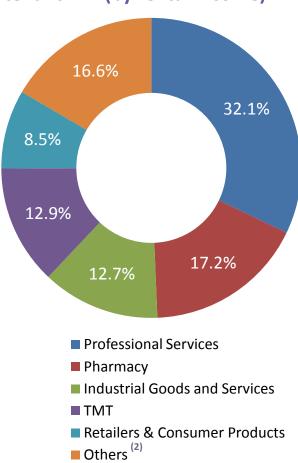
Corporate Avenue 1 & 2 have excellent hardware which ensures its preferred status in the competitive Shanghai office market

Source: JLL Research

Prestigious Tenants Most Office Tenants are Brand-name MNCs



Office tenant mix (by rental income) (1)



Top 5 office tenants (by rental income) (1)

PwC	16.0%
Eli Lilly	9.8%
Walt Disney	8.3%
Sony	6.9%
Pernod Ricard	6.5%
Subtotal	47.5%

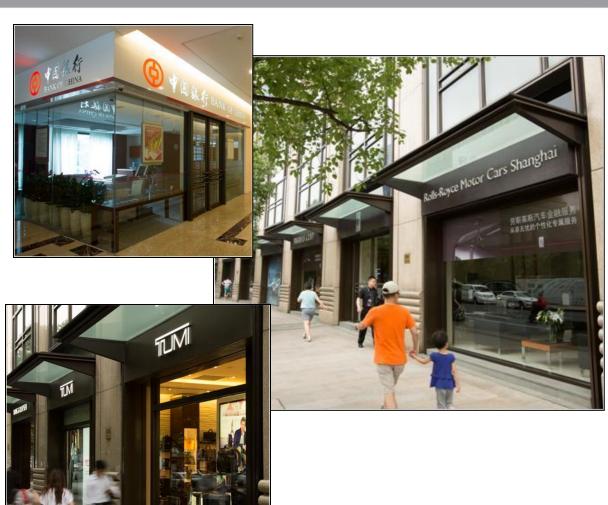
Notes:

- (1) Based on information from vendor as at 30 June 2015.
- (2) "Others" include real estate, construction, energy and logistics.

Prestigious Tenants Much of the Retail Space are Currently Used as Showrooms The Link







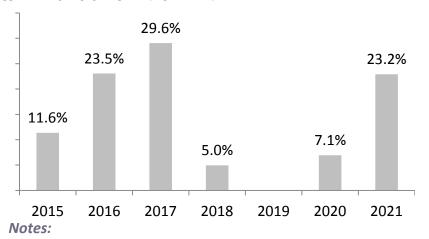
Active Asset Management



Effective leasing strategy

- Tenant mix:
 Ensure diverse mix of tenants
 Gradually add domestic companies seeking to expand
- Competition:
 Nearby existing offices are close to full occupancy
 Nearby new offices are already mostly pre-leased
 Thus low risk of Corporate Avenue losing major tenants
- Lease expiration profile: Ensure smooth lease expiration

Office expiry profile (by area)⁽¹⁾

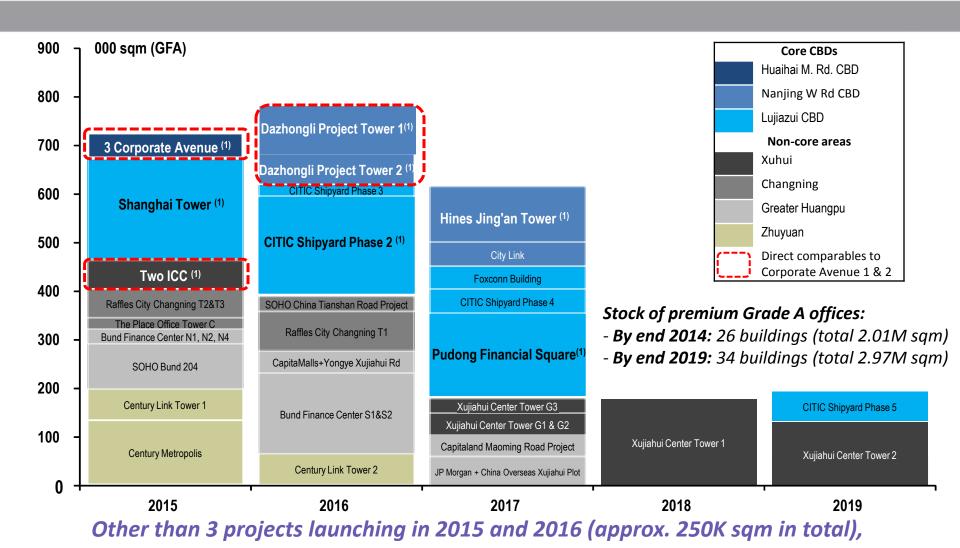


- (1) Based on information from vendor as at 30 June 2015.
- (2) Conceptual designs for reference only



Shanghai Office Market Limited Office Supply in Core CBDs





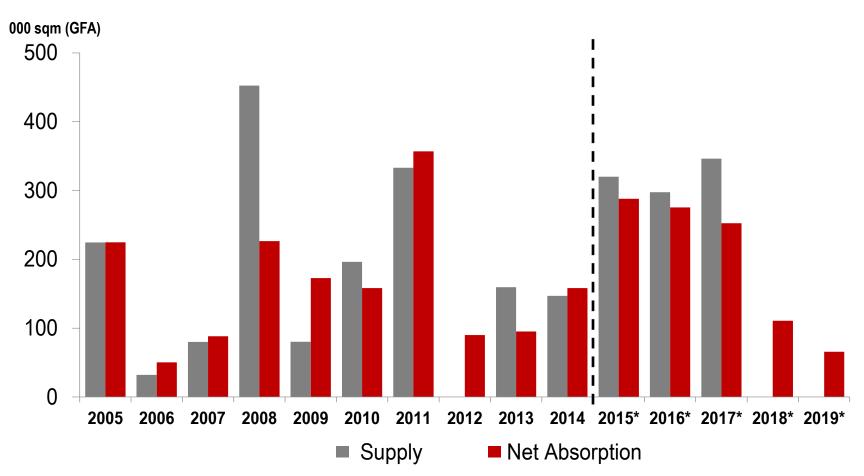
Note: (1) Premium Grade A offices; the above completion dates are estimates

Source: JLL Research

Corporate Avenue 1 & 2 have limited competition thereafter due to limited supply

Shanghai Office Market Premium Grade A Demand and Supply Forecast





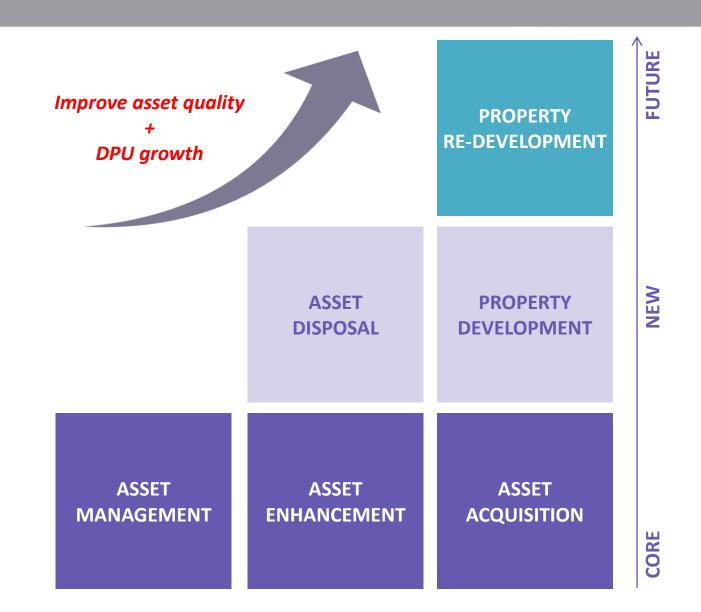
According to market consultant, there will be no new supply of premium Grade A office in 2018/19

Source: JLL Research

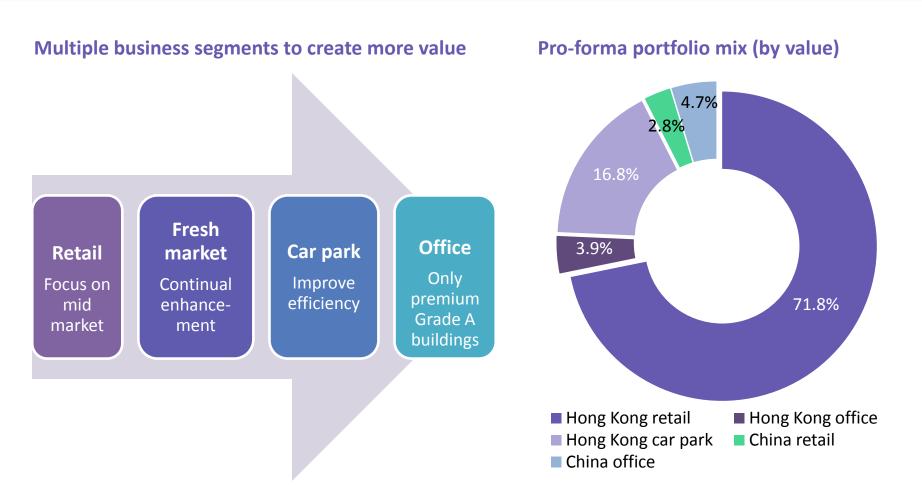
BUSINESS STRATEGY

Expanded Business Model Adding Building Blocks for Long-term Growth





Multiple Business Segments Core Market in Hong Kong and Additional Investments in PRC The Link



Notes:

- (1) China assets are valued in RMB and converted to HK\$ at RMB1 = HK\$1.248
- (2) Value of retail portfolio in China includes the value of retail and car park facilities of EC Mall and retail facilities of Corporate Avenue
- (3) Value of office portfolio in China includes the value of office and car park facilities of Corporate Avenue

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