



Acquisition of  
CENTRALWALK,  
Shenzhen

20 February 2019

## Link's 5<sup>th</sup> Asset in Mainland China

~5 million sq ft

Retail and office space  
in Mainland China



**CENTRALWALK**  
Futian District, Shenzhen



# Link's Investments in Guangdong-Hong Kong-Macao Greater Bay Area

**Total investment in the Greater Bay Area**  
**~HK\$36B**



Project	Investment Amount
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<b>Acquisition/Development</b>	
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The Quayside (2015)	HK\$9.9B <sup>(1)</sup>
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T.O.P (2016)	HK\$5.9B
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Metropolitan Plaza (2017)	RMB4.1B
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CENTRALWALK (2019)	RMB6.6B
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<b>Asset Enhancement</b>	
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Total CAPEX (since IPO)	HK\$7.1B
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Note:

(1) Refers to the estimated total development cost



# CENTRALWALK

## Property Particulars



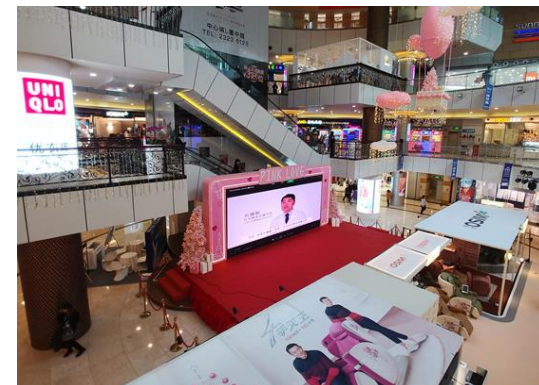
Agreed property value

**RMB6,600M**

Expected completion  
of acquisition

**March 2019**

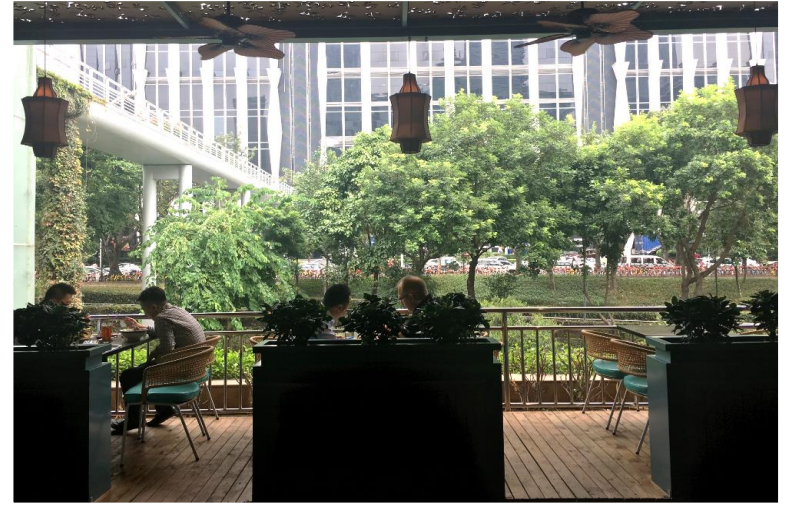
Location	Fuhua Road, Central District, Futian, Shenzhen
Opening	2007
No. of storeys	5
Gross Floor Area	~83,900 sqm (retail)
Carpark Spaces	741 spaces





# CENTRALWALK

## A Great Place to Shop and Gather



# Investment Rationale

- 1** Centre of Shenzhen and Futian CBD

- Underpinned by the growth of technology sector, Shenzhen has the highest per capita GDP among the four tier-1 cities in Mainland China
  - Tertiary industry in Futian has substantially contributed to the district's GDP, becoming the core commercial hub of Shenzhen
  - CENTALWALK is surrounded by prime offices, hotels and the Shenzhen Stock Exchange
- 2** Transportation Hub

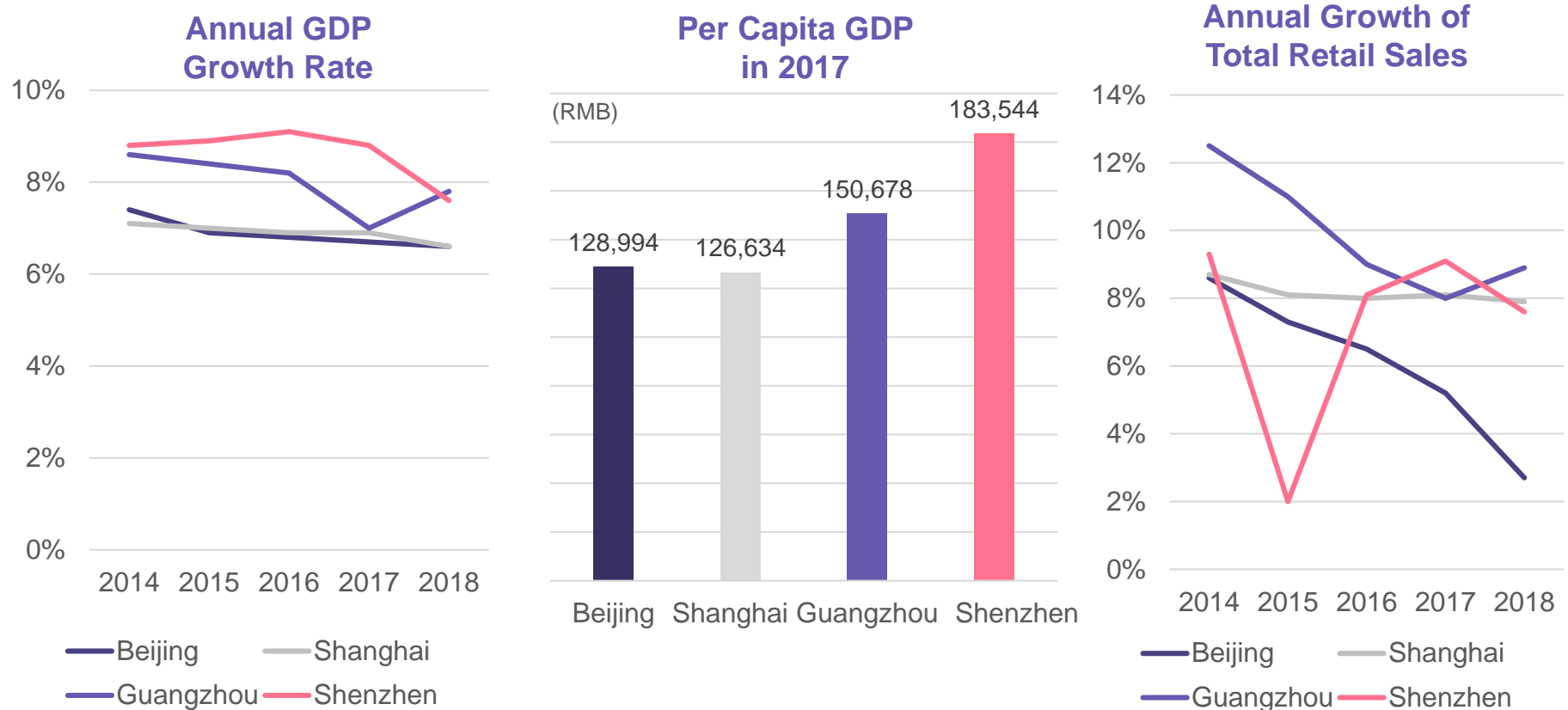
- Atop of the interchange of the two busiest metro lines 1 and 4
  - 5-minute walking distance to the Futian high-speed rail station
  - Connects to an extensive underground passageway that enjoys high pedestrian traffic
- 3** Well-placed for Long-term Growth

- Futian CBD has consistently achieved >90% occupancy and the highest G/F rent among all submarkets in Shenzhen
  - Government plans to improve CBD connectivity and further promote the development of financial services
- 4** Strong Upside Potential

- Passing rent below spot rent
  - Hardware: asset enhancement and reconfiguration plans
  - Software: tenant remixing, improving service standard, market re-positioning

# (1) Centre of Shenzhen and Futian CBD

## Shenzhen has Strong Growth with the Highest GDP

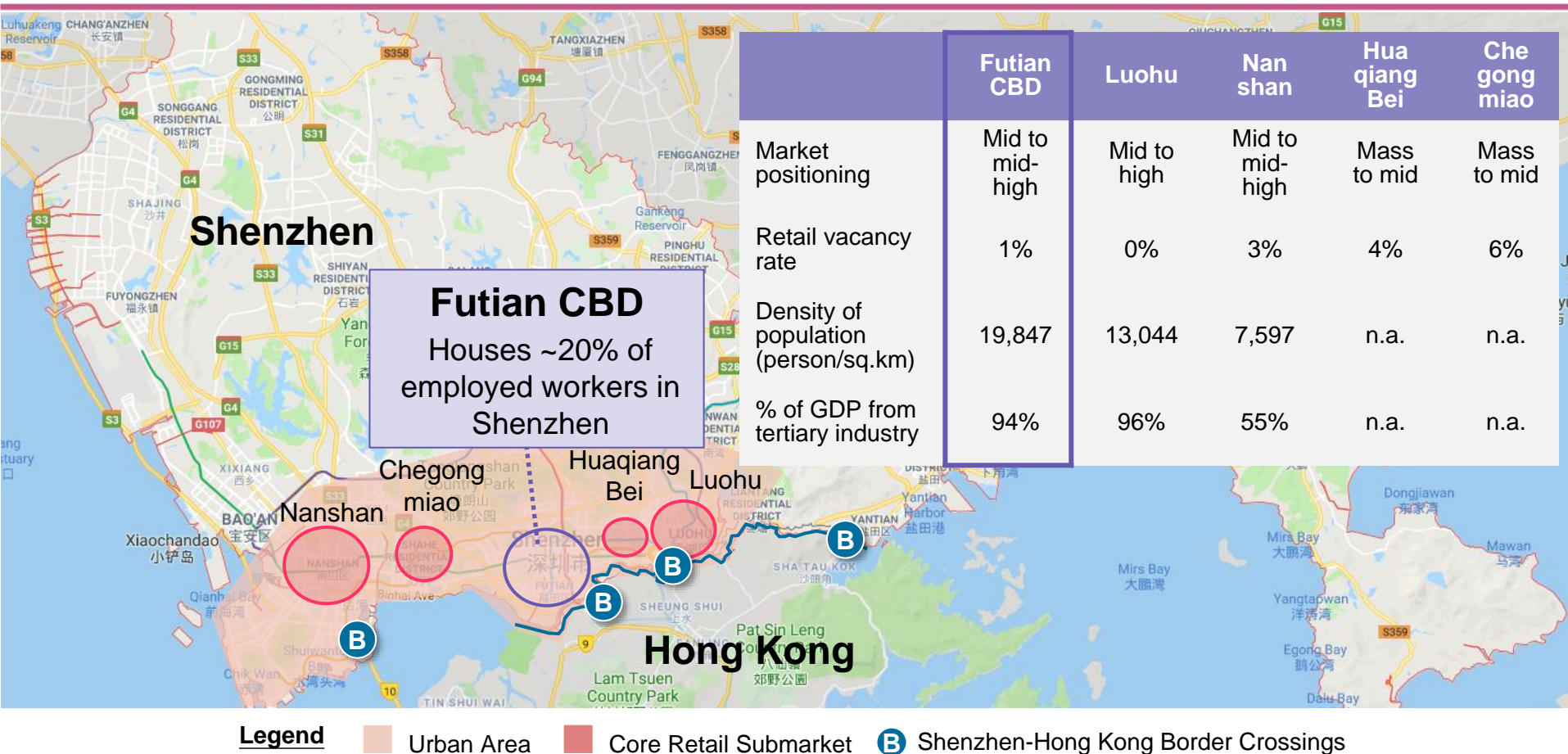


**Shenzhen has the highest per capita GDP and strong retail sales growth among the four tier-1 cities**



# (1) Centre of Shenzhen and Futian CBD

## Futian is the Core Commercial Hub of Shenzhen



**Futian has solid growth momentum as Shenzhen's core commercial hub**



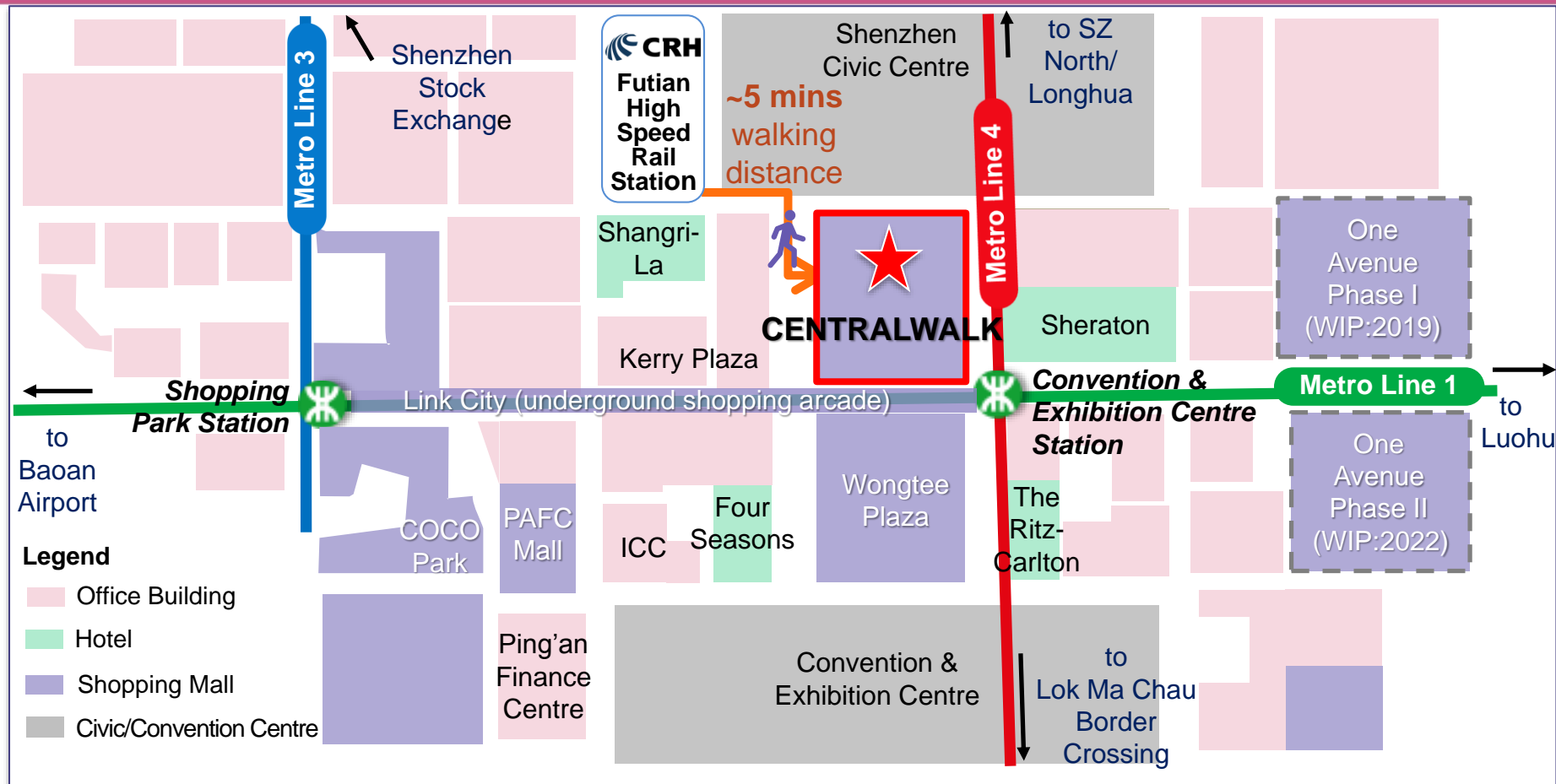
## (2) Transportation Hub Accessible with Excellent Transportation Network



**CENTRALWALK sits atop the interchange of Metro Line 1, the busiest line in Shenzhen, and Line 4 which is managed by MTRC from Hong Kong**

## (2) Transportation Hub

### Conveniently Located at Centre of Futian CBD



**CENTRALWALK is surrounded by leading hotels, offices, the stock exchange and convention and civic centres**

### (3) Well-placed for Long-term Growth Futian's Tremendous Growth Potential



#### Futian's 13<sup>th</sup> Five-Year Plan

- Centre of financial and modern services
- Introducing non-motorised transportation system
- Two more new metro lines across Futian CBD will be completed within 5 years



#### Other urban areas

- Shenzhen Finance Street
- Meilin-Caitian Emerging Industry Belt
- Urban Revitalisation Areas
- Shenzhen-Hong Kong New Cooperation Corridor
- Metro Line (Under Construction)

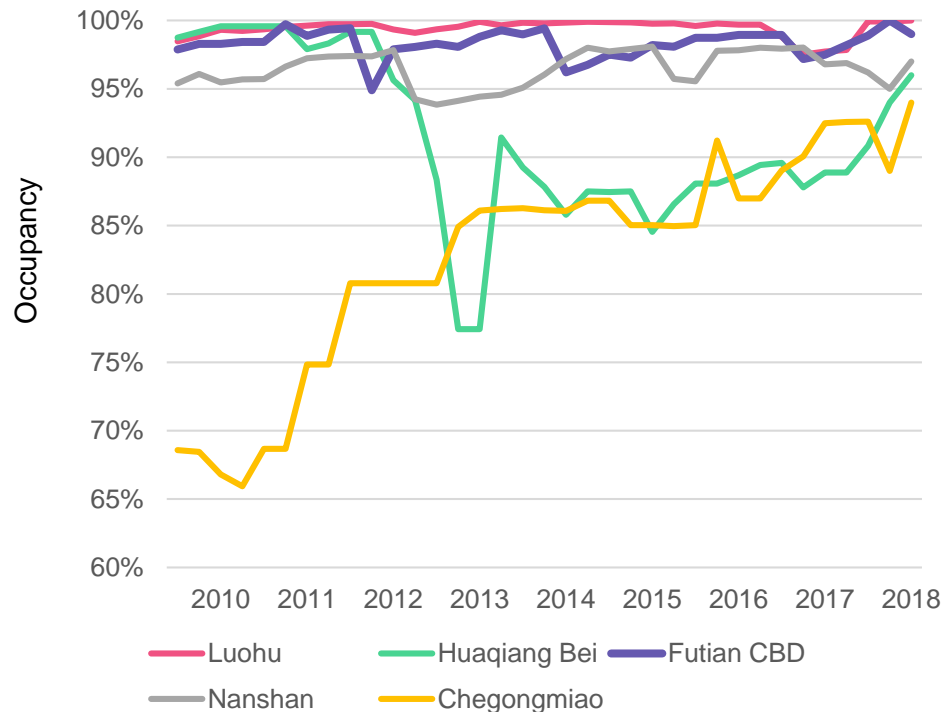
**CENTRALWALK is in the middle of Futian CBD with further development in financial services and transportation infrastructure**



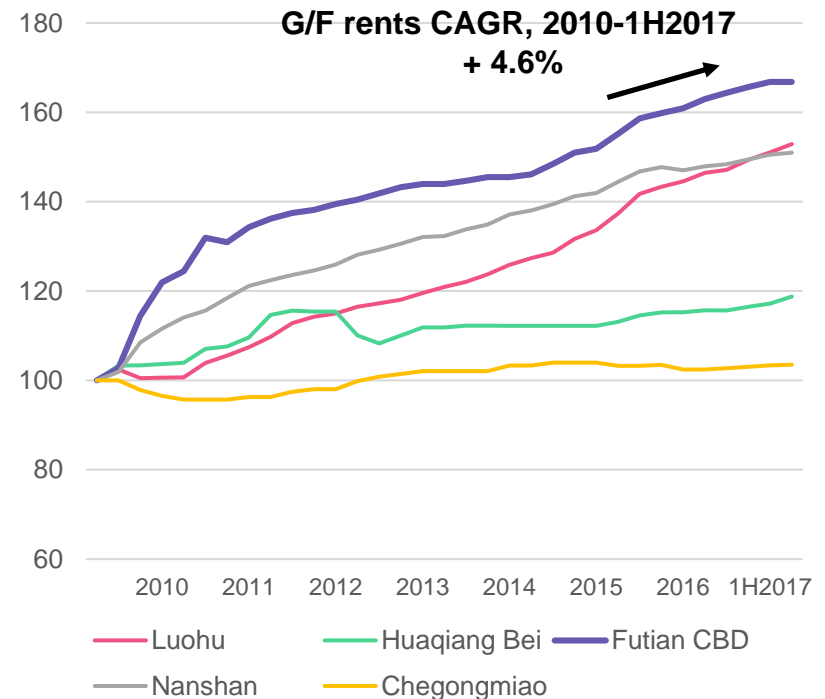
### (3) Well-placed for Long-term Growth

## A Strong Retail Market with Rising Rents

Active leasing demand



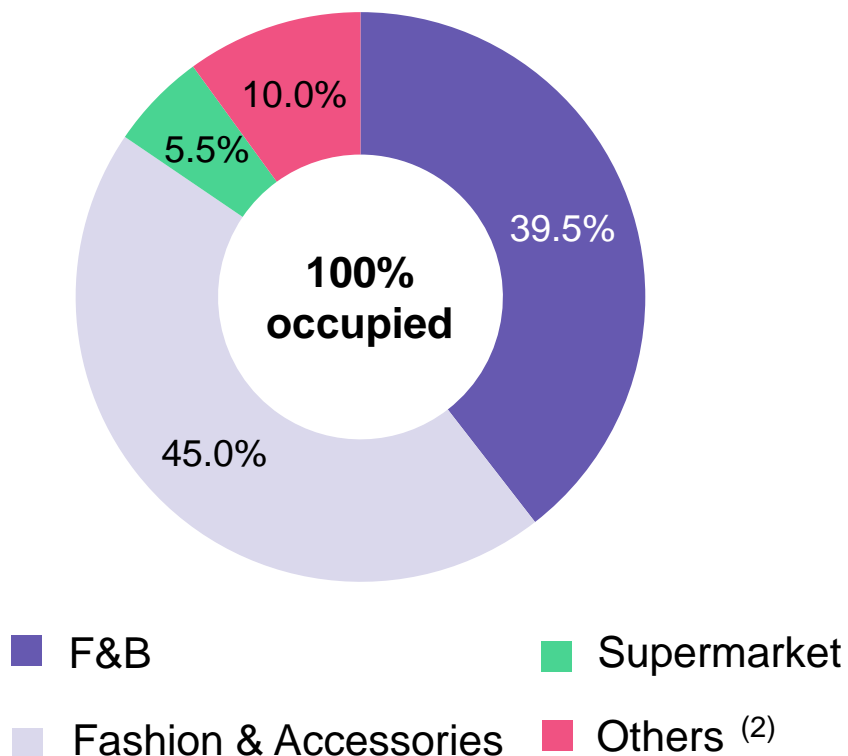
Rentals on a rising trend



**Futian's ongoing development will bolster retail demand**

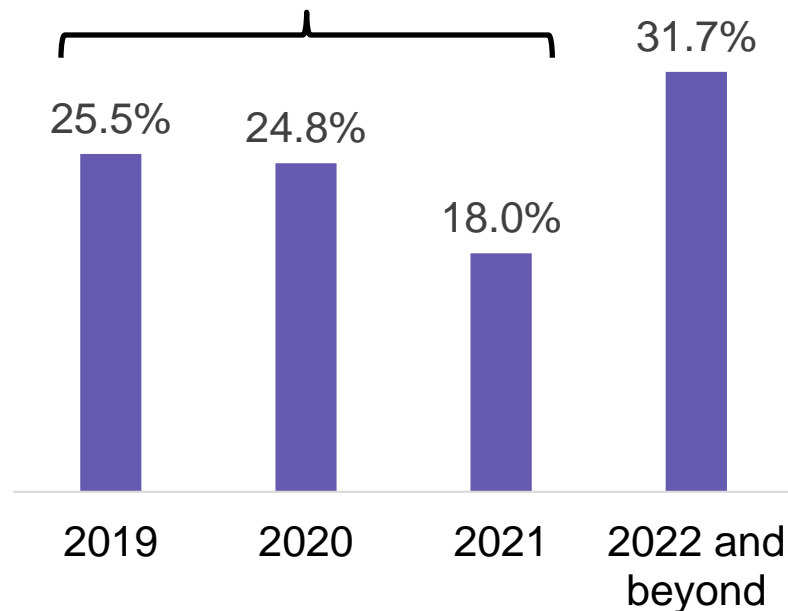
## (4) Strong Upside Potential Trade Mix and Expiry Profile

Diverse trade mix <sup>(1)</sup>



Expiry profile <sup>(1)</sup>

**Approximately 70% leases will expire in the next 3 years**



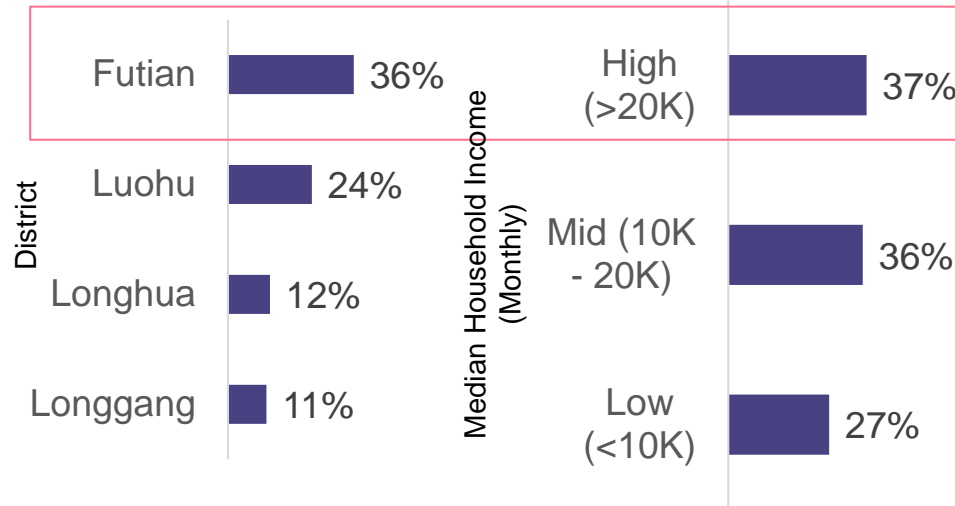
Notes:

(1) As at 31 December 2018, by rental income.

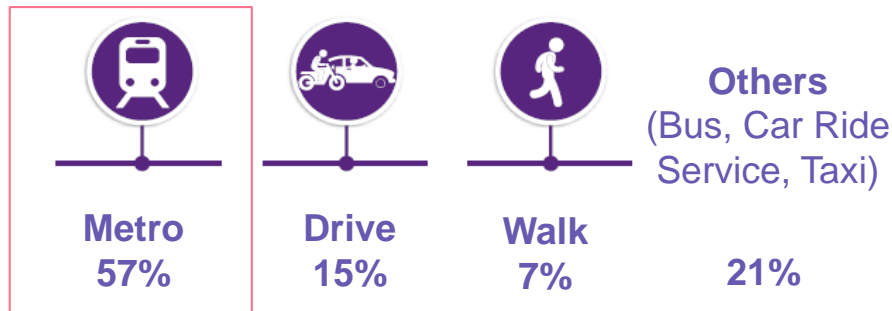
(2) Others include services, electrical & household products, kids & education and leisure & entertainment.

## (4) Strong Upside Potential Attractive Catchment of Shoppers

### Majority of potential shoppers from urban areas with high monthly household income



### Metro is the key mode of transport



### Catchment of both younger and mature segments with spending power

		% of shoppers	Average spending (RMB)
Younger segments	Fabulous Singles (Aged 25-45)	35%	506
	Young Sociables (Aged 20-25)	14%	405
Mature segments	Achievers (Aged 45-60)	25%	693
	Modern Families (Married with kids aged below 12, aged 25-45)	14%	537



## ***(4) Strong Upside Potential*** **Asset Management to Maximise Value**

### **Market positioning**

- Redefine market positioning to premium mass-to-mid market
- Re-establish its identity as the “go to” destination for Shenzhen residents

### **Trade mix**

- Introduce more popular brands
- Reshuffle trade mix

### **Service quality**

- Improve property management
- Align with Link’s service standards
- Better manage costs

**Reaffirm CENTRALWALK as the landmark of Futian**

## (4) Strong Upside Potential Improve F&B and Fashion Offerings

### F&B



### Fashion



### Expand Trade Variety

- ✓ More popular eateries
- ✓ Promote casual and outdoor dining

- ✓ Stylish fashion and accessories brands
- ✓ More choices of hip and casual fashion offerings

**Strengthen all day F&B spending and offer unique fashion brands  
that appeal to young shoppers**

## (4) Strong Upside Potential Enhance Experiential and Family Elements

### Cinema and Entertainment



### Supermarket



### Branding and Repositioning

- ✓ Maintain and upgrade the cinema position as one of the must-go in Futian
- ✓ Provide a variety of entertainment choices for adults (e.g. gym, cooking studio)
- ✓ Improve kids and family offerings
- ✓ Revamp supermarket with wider range of imported and quality products

**Rezone and consolidate current offerings to attract a wider variety of shoppers**



## (4) Strong Upside Potential Transform CENTRALWALK into a Modern Place



### Refurbishment

- Improve façade and landscape
- Renovate ceilings and improve lightings
- Refurbish washroom

### Reconfiguration

- Downsize large shops to accommodate more variety of tenants
- Better zoning and circulation

Unleash asset potential by improving hardware

# Financial Impact

## Agreed Property Value

**RMB6,600M**

## Valuation by JLL

**RMB6,600M**

## Earnings contribution

**RMB23.8M**

Gross monthly passing income as at 31 December 2018

## Financing

- Acquisition to be funded by debt and existing liquidity <sup>(1)</sup>

## Portfolio mix

- Pro-forma adjusted ratio of Mainland China assets <sup>(2)</sup> **13.1%**

## Impact on gearing

- Pro-forma adjusted ratio of debt to total assets <sup>(3)</sup> **14.5%**

Notes:

(1) The property is subject to an onshore loan of RMB1,469M.

(2) Based on valuation and exchange rate as at 30 September 2018, including Roosevelt Plaza and assuming disposal of the 12 assets announced on 12 December 2018 was completed.

(3) Based on the consolidated financial position as at 30 September 2018, after adjusting interim distribution and the appraised value of Beijing Jingtong Roosevelt Plaza, and assuming disposal of the 12 assets announced on 12 December 2018 was completed and a drawdown of HK\$5,967M on Link's debt facilities to finance this acquisition.

# Link's Portfolio Strategy

## Continue to Enhance Portfolio Quality



### Geography

- Core portfolio remains in **Hong Kong**
- Focus on **tier-1 cities** and the surrounding river delta areas in **Mainland China**
- Maintain guidance on Mainland China exposure at **20%**
- Other geographies will be **opportunistic**

### Asset type

- **Prefer quality retail assets** with good growth potential in non-discretionary sector
- **Selective on grade A offices** not exceeding 12.5% of portfolio

### Development

- Focus on **Hong Kong**
- Limited to **10% of portfolio**



# Appendix

# Appendix 1

## Aerial View of CENTRALWALK

### Street-facing F&B outlets



### Surrounded by offices, hotels and civic/convention centres





## Appendix 2

### Nightly light show at Futian CBD



# Appendix 3

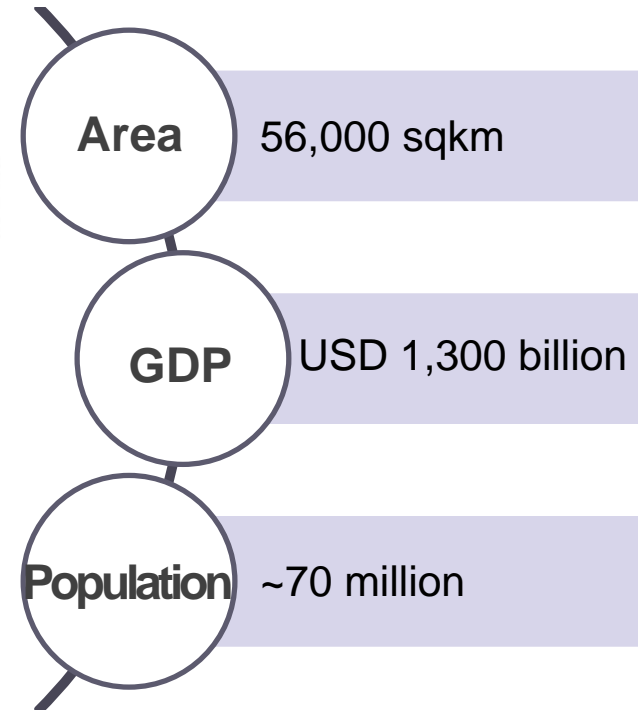
## Guangdong-Hong Kong-Macao

### Greater Bay Area Layout

Covers Hong Kong, Macao and 9 cities in Pearl River Delta Area



#### Key Economic Figures





# Appendix 4

## Guangdong-Hong Kong-Macao

### Greater Bay Area Blueprint

#### Strategic Positioning

1. A vibrant world-class city cluster
2. A globally influential international innovation and technology hub
3. An important support pillar for the Belt and Road Initiative
4. A showcase for in-depth cooperation between the Mainland and Hong Kong and Macao
5. A quality living circle for living, working and travelling

#### Focus of the four core cities

<b>Hong Kong</b>	To enhance its status as an international finance, transportation and trade centre, and an international aviation hub
<b>Guangzhou</b>	To strengthen its functions as an international commerce and industry centre and integrated transport hub
<b>Shenzhen</b>	To leverage its leading role as a special economic zone, a national economic core city and a national innovation city
<b>Macao</b>	To develop into a tourism and leisure centre, and a commerce and trade platform between Mainland China and Portuguese-speaking countries

Outline  
Development  
Plan



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