



Acquisition of Grade A Office

**The Cabot, London,
United Kingdom**

July 2020

領展
LINK

Property Particulars



£380M

Property Price

25 Aug 2020

Expected completion of acquisition

The Cabot

Grade A office building with ground floor retail units, ancillary services and basement carpark

Completion

1991 with major refurbishment completed in 2020

No. of Floors

17 storeys including basement/ ground floor/ mezzanine
(Office floor plate: 8,958 sq.ft – 45,526 sq.ft)

Net Lettable Area

481,605 sq.ft.

Car Park

65 spaces

Investment Rationale

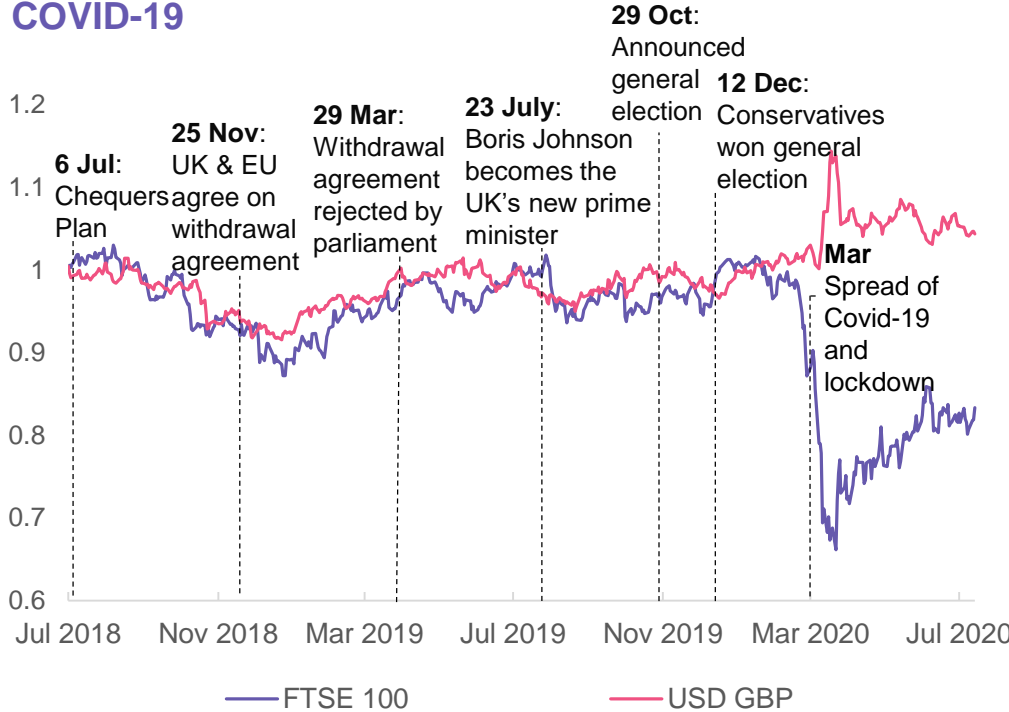
1. Freehold international grade A office
2. 99% occupied by reputable tenants with 10+year long WALE
3. Increasing attractiveness of Canary Wharf with excellent accessibility and connectivity
4. London office market enjoys high liquidity and healthy fundamentals
5. Attractive NPI yield of 5.0%, accretive to DPU and fully hedged with GBP borrowings



The Cabot is a stable, Grade A asset with long-term growth potential and manageable downside risks

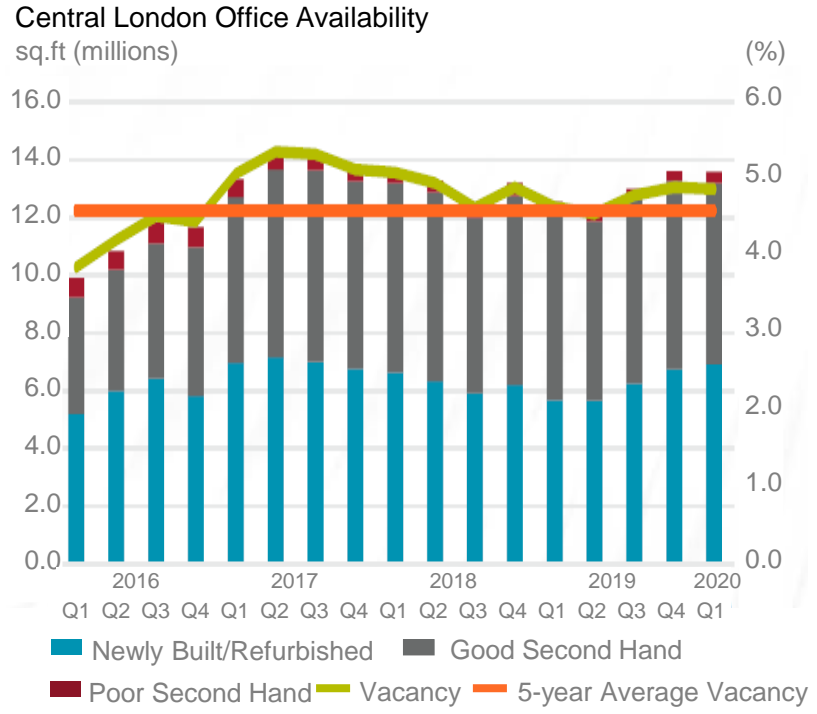
London Office Market with Healthy Fundamentals

Market responded positively to Brexit resolution up till COVID-19



Source: Bloomberg

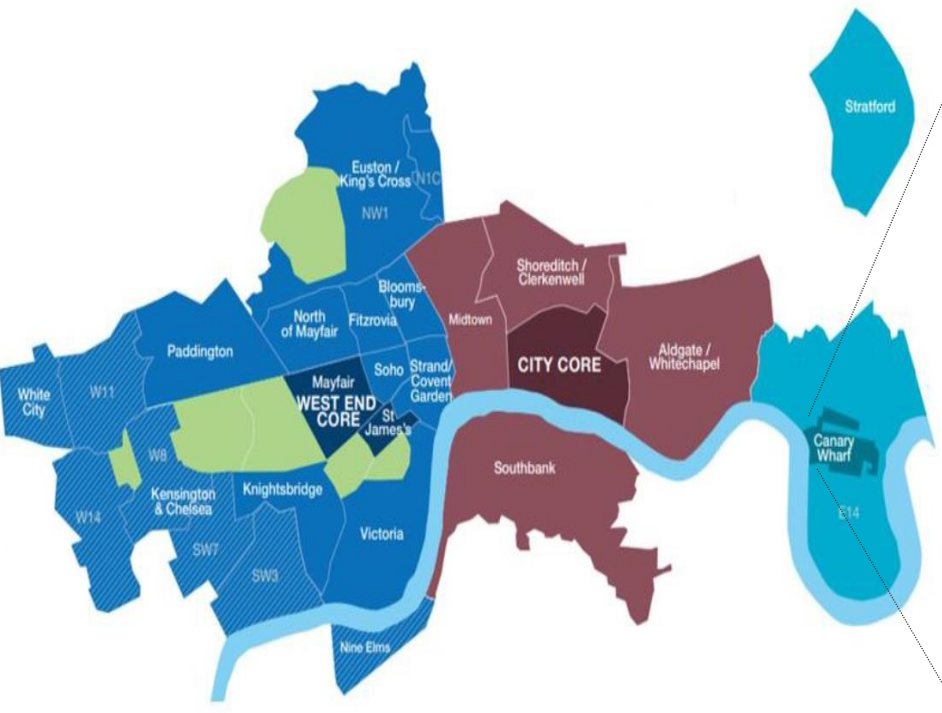
Vacancy remained stable since Brexit in 2016



Source: Cushman & Wakefield, Q1 2020

London office market has seen strong demand from insurance, financial services, tech and media sectors; numerous sizeable office rental transactions have been announced in 2020 including during the COVID-19 period

Increasing Attractiveness of Canary Wharf



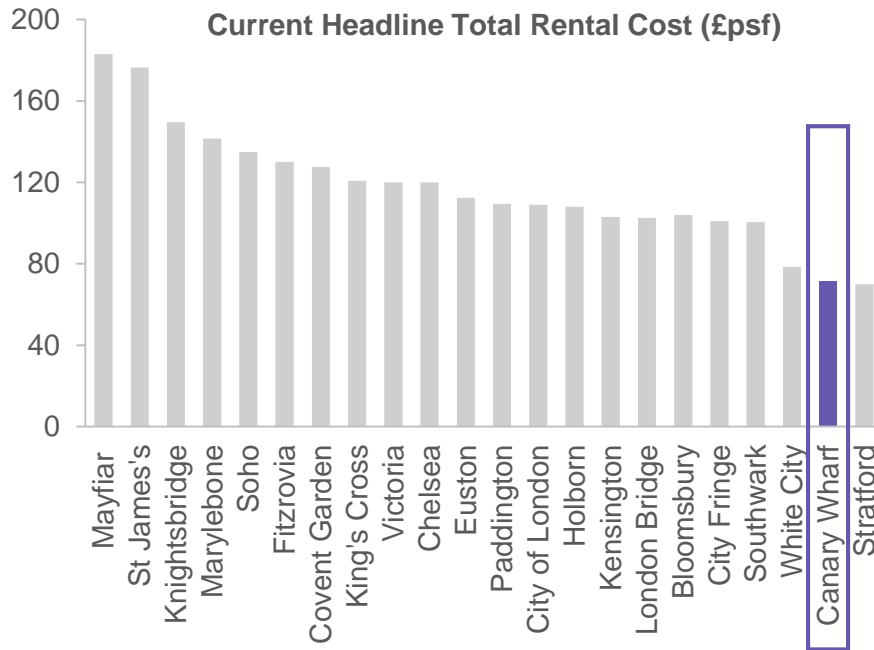
	+15% in borough's population by 2029		68,000 passengers expected to use Canary Wharf station each day
	120,000 workers in Canary Wharf		3,300 new homes in Wood Wharf
	+25% forecast growth in professional scientific & tech sector by 2029		300+ shops, restaurants, bars and amenities

Source: Savills Research, Oxford Economics, Crossrail, Canary Wharf Group

Canary Wharf office demand is supported by strong population growth and increasing importance of the district as an affluent working and residential community

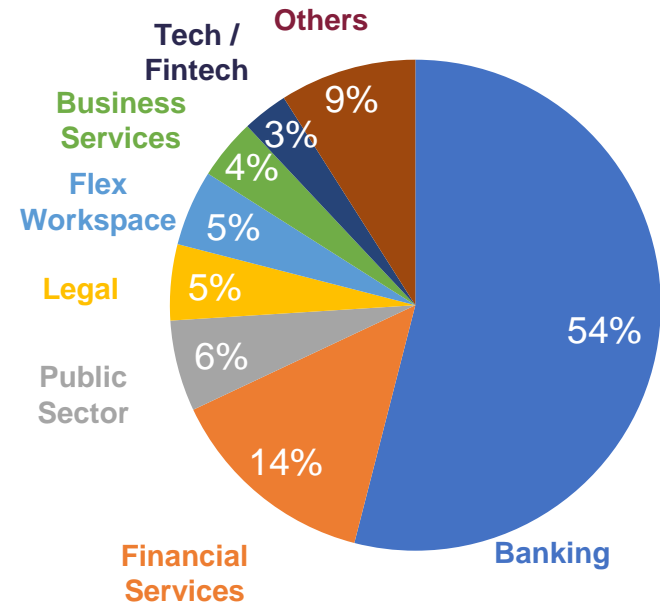
Canary Wharf is a Competitive Market with Diverse Occupiers

Canary Wharf rents are competitive compared to other London sub-markets



Source: Colliers, July 2020

Diverse occupier profile in Canary Wharf

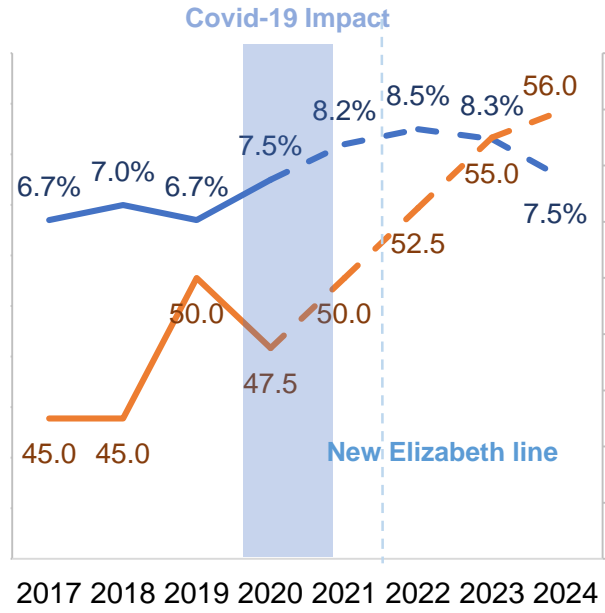


Source: Colliers, July 2020

Canary Wharf is poised to be a sustainable thriving urban hub with diverse catchment

Excellent Accessibility and Connectivity

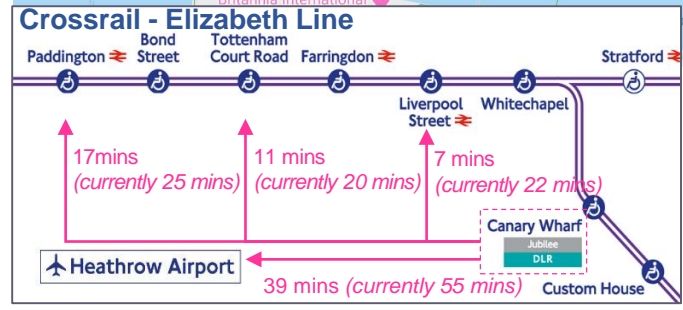
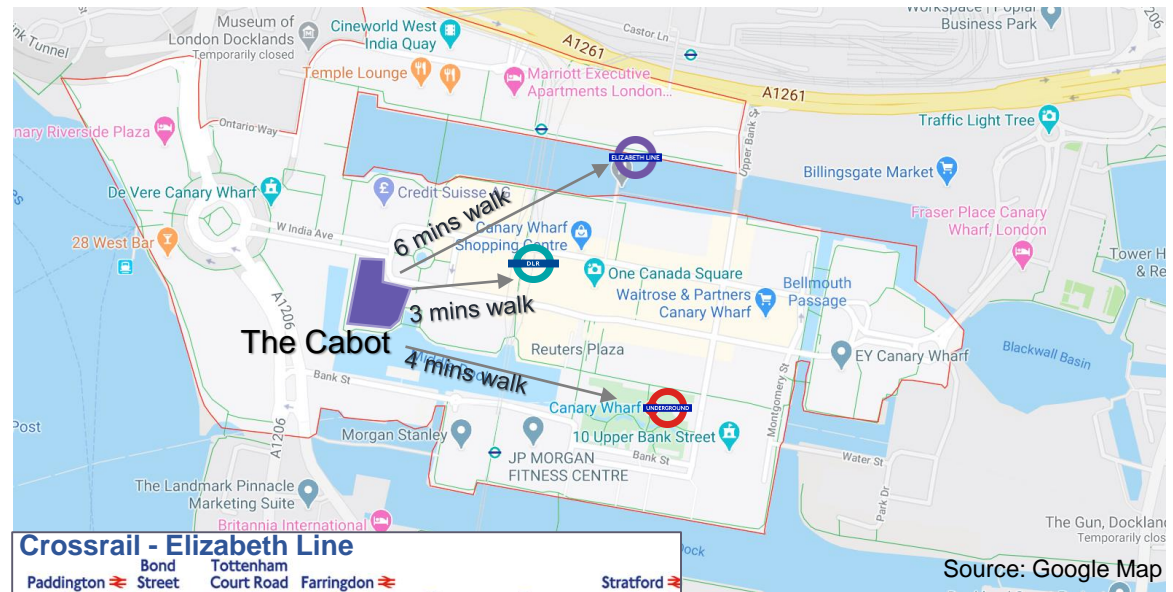
New Crossrail to Drive Office Demand



— Canary Wharf vacancy (%)
 — Canary Wharf prime rent (£psf p.a.)

Source: Colliers, June 2020

Close Proximity to Different Transport Links



Legend

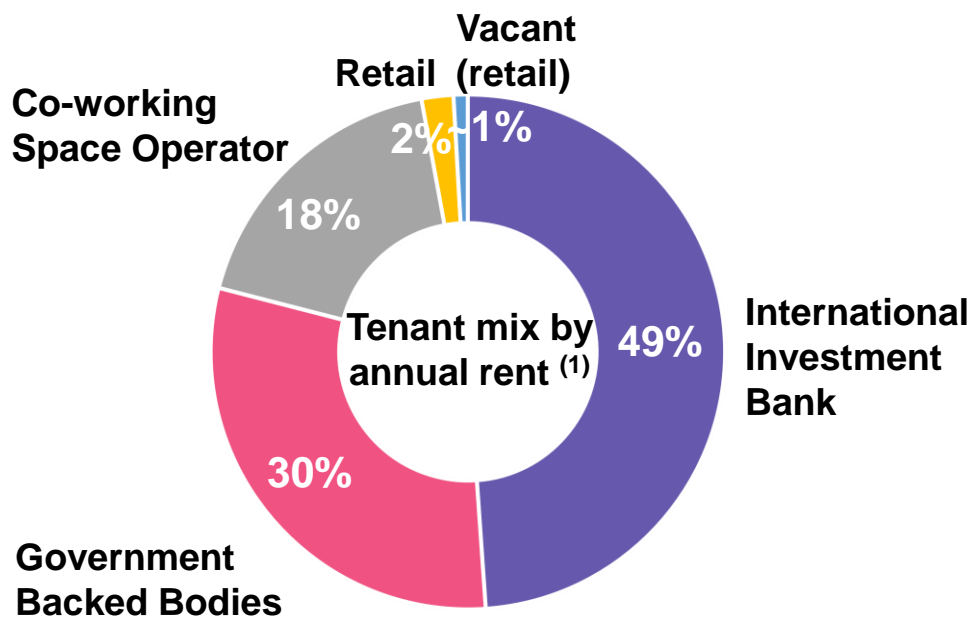
- The Cabot
- Light rail station
- Subway station
- Crossrail rail station (Elizabeth Line) (Planned opening in 2021)

New Crossrail Elizabeth Line will further improve connectivity by 2021

The Cabot

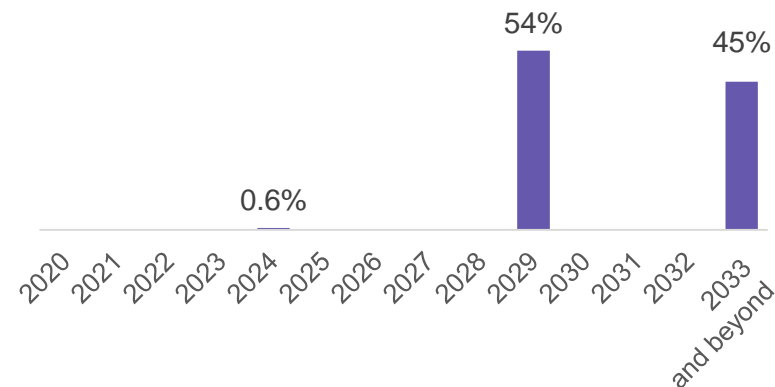
Tenant Composition and Lease Expiry Profile

A Rare Freehold Asset 99.1% occupied ⁽¹⁾ Expiry Profile ⁽¹⁾



Note:
 (1) Based on valuation by Colliers as at 17 July 2020

- Long WALE (by rental income) of **10.9** years
- **Upward only** rent reviews embedded in leases



Note:
 (1) Based on gross annual rental income as at 17 July 2020

Top quality tenants and long WALE provide downside protection

Management of The Cabot Post-acquisition

Asset Management Patrizia UK Limited

- Over 36 years experience in real estate investment and management, with over €45B real estate assets under management as at 1 June 2020
- To provide comprehensive transaction and asset management services, including:
 - Prepare annual business plan and budget
 - Provide strategic recommendations to Link on letting and refurbishment
 - Oversee subcontractors and capital works
- Report to Link on a regular basis

**A professional, seasoned operator will be appointed
as Asset Manager to manage the property**

Immediately Accretive and Fully Hedged Transaction

Agreed Property Value	£380M
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Valuation by Colliers ⁽¹⁾	£381.5M
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Annual Net Passing Income ⁽¹⁾	£18.83M
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Financing

- Funded through internal resources and new facilities
- Fully hedged against currency fluctuations

Impact on Gearing

- Pro-forma adjusted ratio of debt to total assets ⁽²⁾ **19.2%**

Notes:

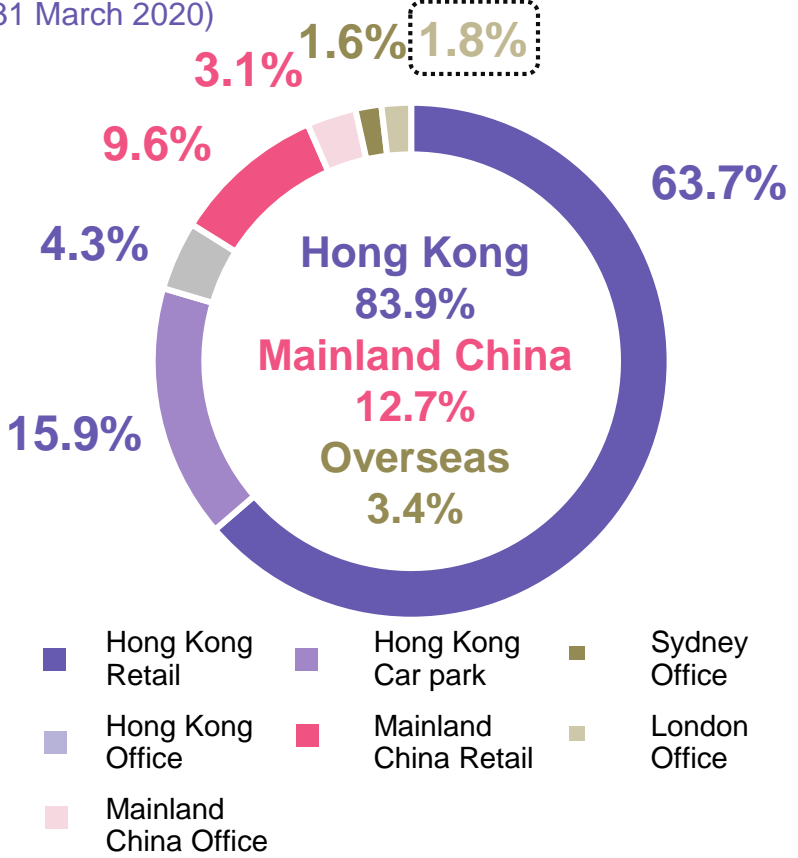
(1) Source: Valuation by Colliers as at 17 July 2020.

(2) Based on the consolidated financial position as at 31 March 2020 after adjusting for the impact of the appraised value of the property acquired pursuant to the Australian Acquisition which was completed on 7 April 2020 and related drawdown of bank facilities, final distribution which is expected to be distributed to Unitholders on 30 July 2020 assuming all Unitholders have elected to receive wholly in cash under distribution reinvestment scheme.

Diversified Portfolio Mix

Pro-forma Portfolio Value⁽¹⁾ – HK\$200B

(31 March 2020)



Geography

	Existing	Management Guidance
Hong Kong	83.9%	70-75%
Mainland China	12.7%	≤20%
Overseas	3.4%	≤10%

Asset Class

	Existing	Management Guidance
Office	10.8%	15-20%

Note:

(1) As at 31 March 2020 on a pro-forma basis, including the acquisitions of Sydney office which was completed on 7 April 2020 and London office to be completed on 25 August 2020.

Appendix



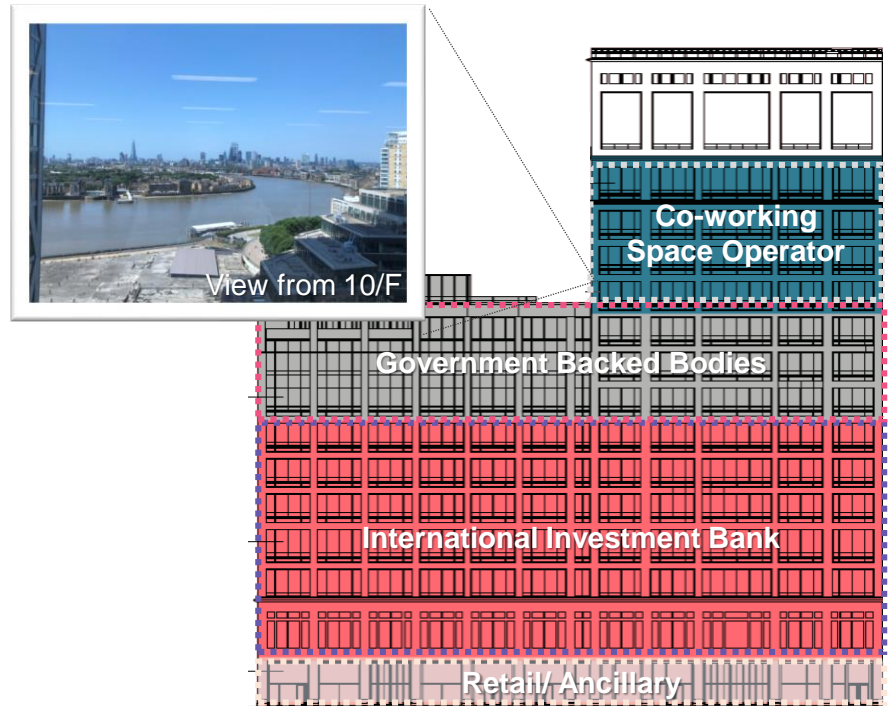
The Cabot Exterior Photos



The Cabot Interior Photos



Stacking Plan



Source: Colliers, July 2020

The Cabot is One of Five Freehold Assets in Canary Wharf

Legend: ■ Freehold ■ Long Leasehold
⊖ DLR ⊖ Underground ⊖ Crossrail (by 2021)

Building Index

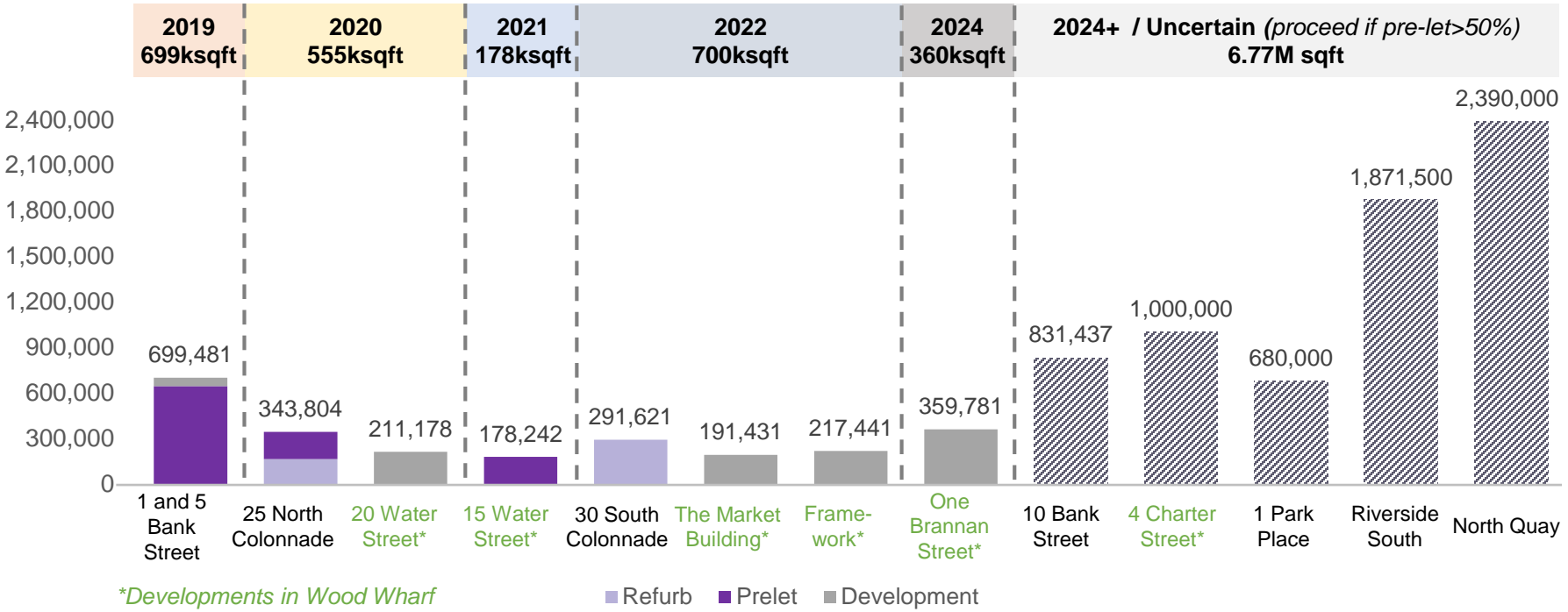
New Supply

1. 1 and 5 Bank Street
2. 25 North Colonnade
3. 30 South Colonnade
4. 10 Bank Street
5. 1 Park Place
6. Riverside South
7. North Quay



Source: Colliers, July 2020

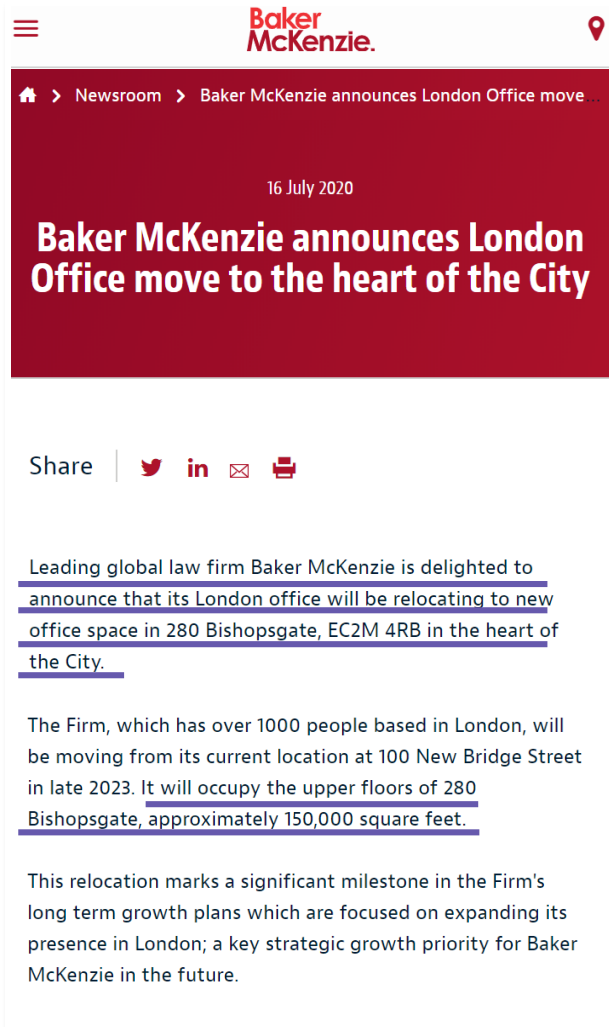
Canary Wharf Supply Pipeline



Source: Colliers, July 2020

The Cabot has a long WALE which will shield it from upcoming new supply

London Office Leasing Transactions Announced Since COVID-19



Baker McKenzie

Newsroom > Baker McKenzie announces London Office move ...

16 July 2020

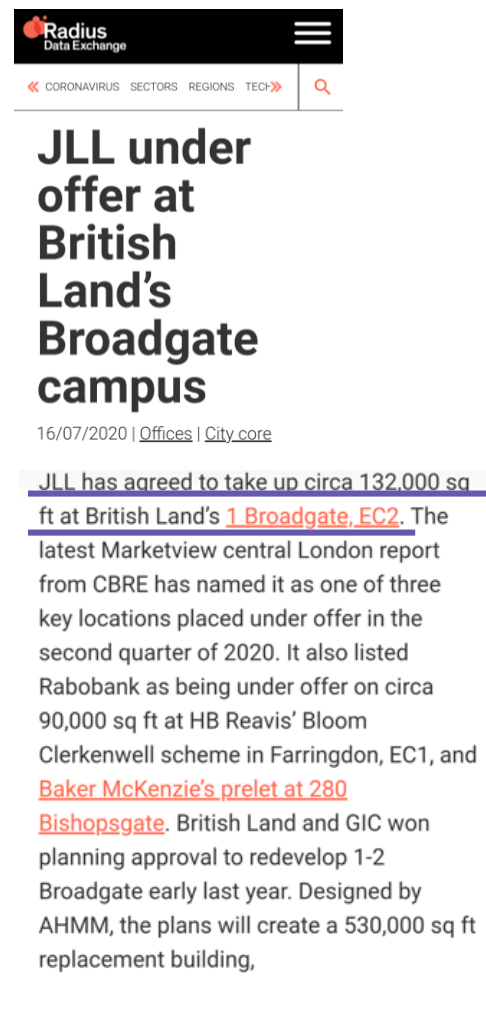
Baker McKenzie announces London Office move to the heart of the City

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Leading global law firm Baker McKenzie is delighted to announce that its London office will be relocating to new office space in 280 Bishopsgate, EC2M 4RB in the heart of the City.

The Firm, which has over 1000 people based in London, will be moving from its current location at 100 New Bridge Street in late 2023. It will occupy the upper floors of 280 Bishopsgate, approximately 150,000 square feet.

This relocation marks a significant milestone in the Firm's long term growth plans which are focused on expanding its presence in London; a key strategic growth priority for Baker McKenzie in the future.



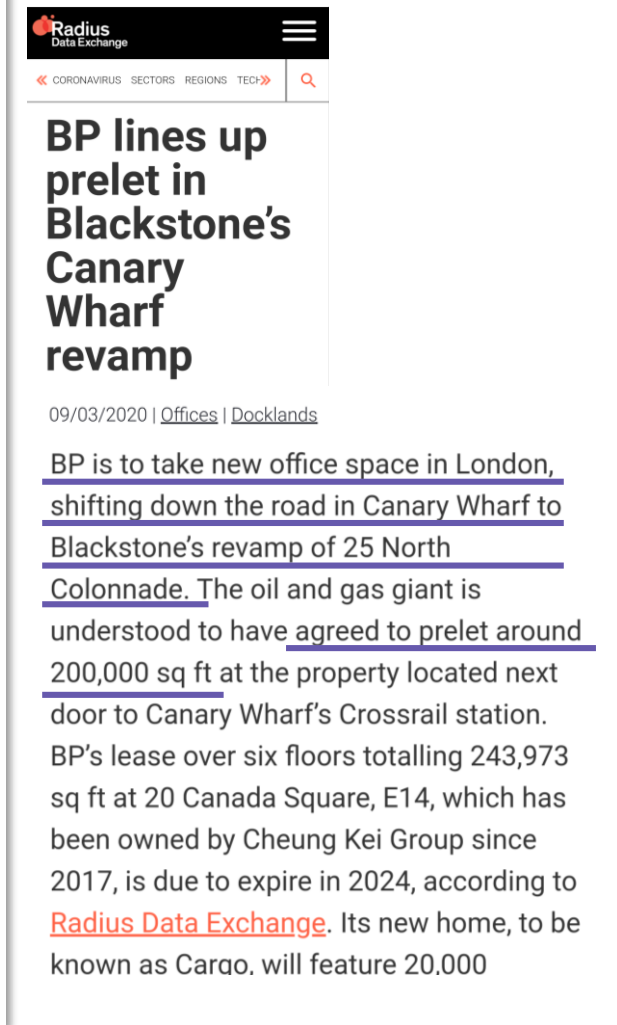
Radius Data Exchange

« CORONAVIRUS SECTORS REGIONS TECH » 🔍

JLL under offer at British Land's Broadgate campus

16/07/2020 | [Offices](#) | [City core](#)

JLL has agreed to take up circa 132,000 sq ft at British Land's [1 Broadgate, EC2](#). The latest Marketview central London report from CBRE has named it as one of three key locations placed under offer in the second quarter of 2020. It also listed Rabobank as being under offer on circa 90,000 sq ft at HB Reavis' Bloom Clerkenwell scheme in Farringdon, EC1, and [Baker McKenzie's prelet at 280 Bishopsgate](#). British Land and GIC won planning approval to redevelop 1-2 Broadgate early last year. Designed by AHMM, the plans will create a 530,000 sq ft replacement building,



Radius Data Exchange

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BP lines up prelet in Blackstone's Canary Wharf revamp

09/03/2020 | [Offices](#) | [Docklands](#)

BP is to take new office space in London, shifting down the road in Canary Wharf to Blackstone's revamp of 25 North Colonnade. The oil and gas giant is understood to have agreed to prelet around 200,000 sq ft at the property located next door to Canary Wharf's Crossrail station. BP's lease over six floors totalling 243,973 sq ft at 20 Canada Square, E14, which has been owned by Cheung Kei Group since 2017, is due to expire in 2024, according to [Radius Data Exchange](#). Its new home, to be known as Carao, will feature 20,000

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