



## Acquisition of Happy Valley Shopping Mall, Tianhe, Guangzhou

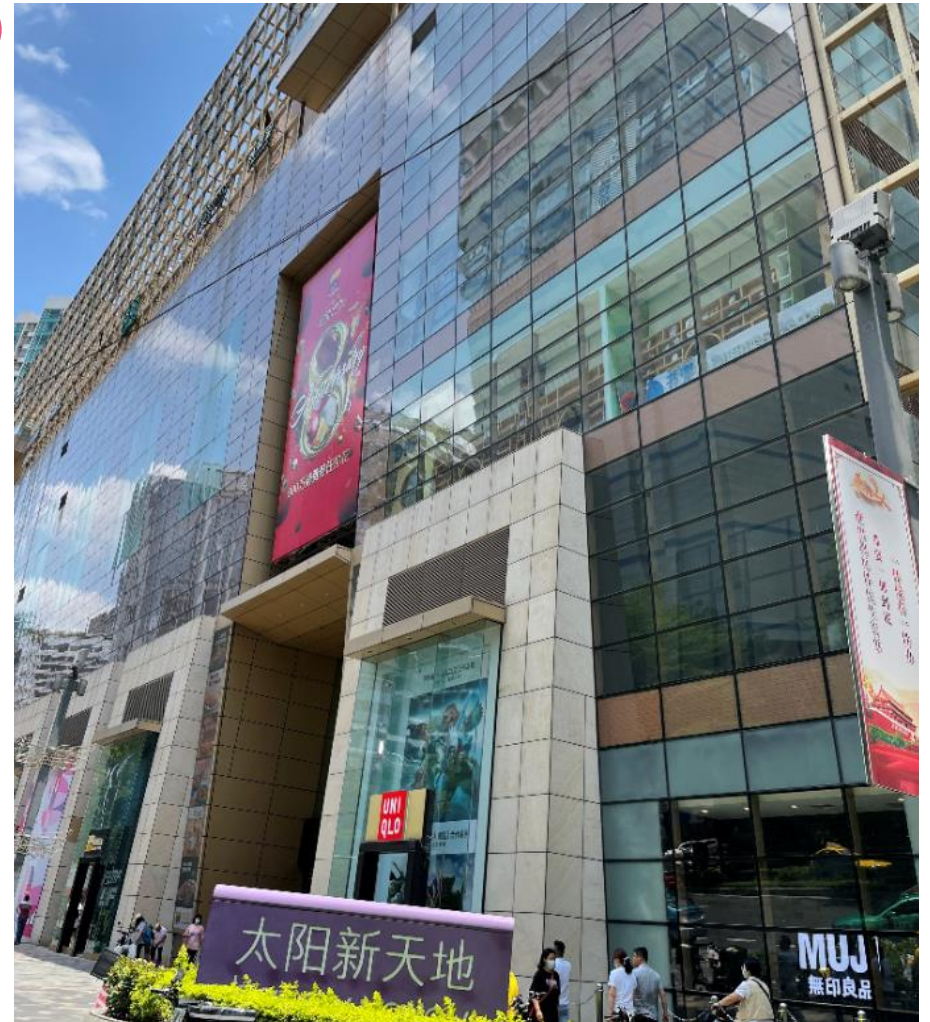
4 June 2021



# 7th Investment in Mainland China



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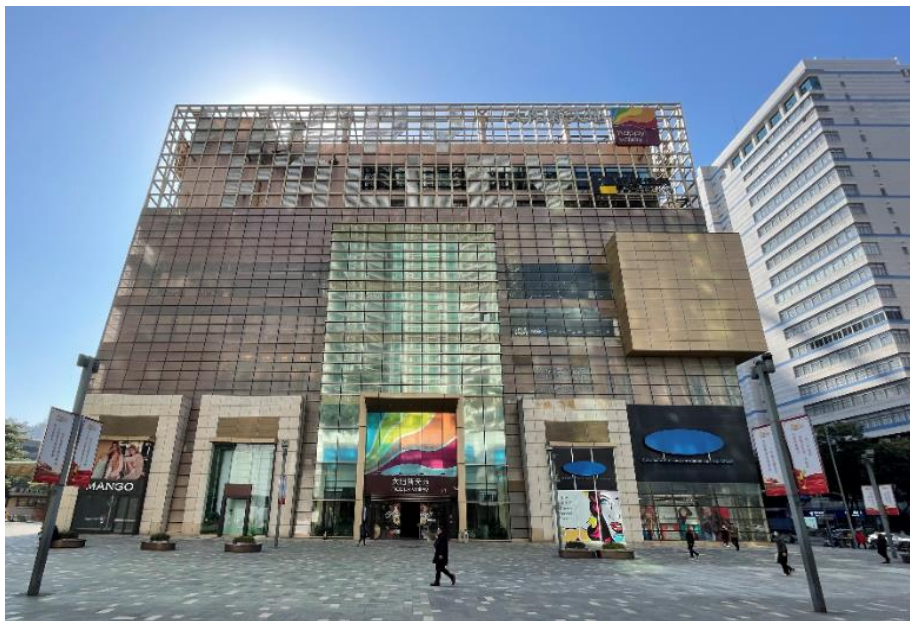


Happy Valley Shopping Mall - Link's further investment in the Greater Bay Area and our second acquisition in Guangzhou

Continue focusing on Mainland China tier-1 cities and their surrounding delta areas



# Happy Valley Shopping Mall Property Particulars



**Location**

No. 36 Machang Road, Tianhe District, Guangzhou, the PRC

**Completion**

2012

**No. of Floors**

Retail: B1 – 8/F  
Car Park: B2 – B4

**Gross Floor Area**

Retail: 90,113 sqm  
Car Park: 800 parking spaces

**Occupancy Rate**

70.3%

**Monthly Passing Income**

RMB 10.6 M<sup>(2)</sup>

**Expected Completion of Acquisition**

June 2021

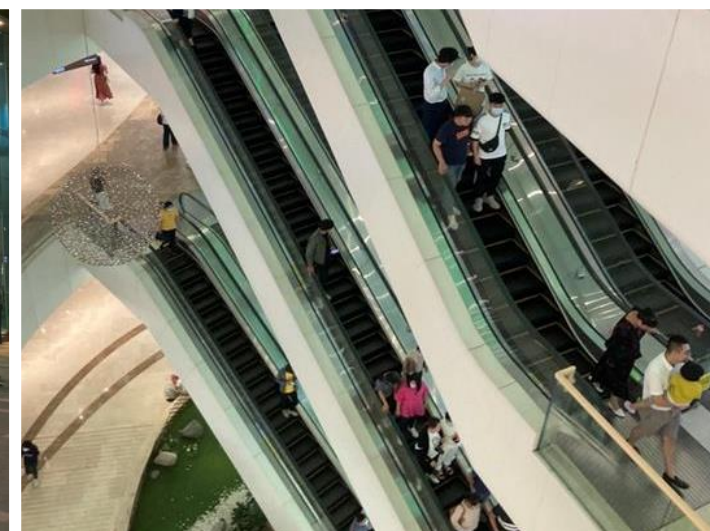
**Agreed Property Value<sup>(1)</sup>**

**RMB 3,205 M**

**4.3% discount to valuation**

Notes:

- (1) Appraised property value was RMB3,350M according to the valuation report dated 24 May 2021.
- (2) Gross passing income of the Property (excluding management fees) was approximately RMB10.6M per month with retail income (including turnover rent) of approximately RMB10.0M per month and car parking income of approximately RMB0.6M per month.



# Investment Rationale

## Guangzhou Economy and Retail Sales Recovery On Track<sup>(1)</sup>

- **Strong recovery in 1Q2021** with 19.5% YoY GDP growth despite the pandemic
- **Retail sales rebounded strongly** by 31.7% YoY in 1Q 2021

## Strong Catchment with Limited Immediate New Supply

- **Located in** Zhujiang New Town in Tianhe District, **Guangzhou's core CBD**
- **Surrounded by residential & commercial properties**, 15-minute walking distance to Jinan University
- **Easily accessible** via Huangpu Avenue, two future metro stations along Huangpu Avenue will start operation by 2022/2023
- Upcoming **expansion of financial district to Guangzhou International Financial Town (GZIFT) pilot zone** may bring spill-over demand to the property with limited competition and retail facilities under planning in the next 5 years

## Strong Upside Potential Including Asset Enhancement

- **Short WALE and occupancy at 70.3%** provide opportunities for tenant mix improvement
- **Potential to further unlock asset value** from asset enhancement
- **Adjacent to Guangzhou Machang site** which upon the potential future redevelopment will bring influx of office and residential population in the medium to long-term

## Align with Link's Portfolio Management Strategy

- **Immediately income-generating**
- **Leveraging Link's asset management expertise** in Guangzhou
- **Complementary to existing Mainland China portfolio**

Note:

(1) Source: Guangzhou Statistics Bureau

# Guangzhou Economic Data

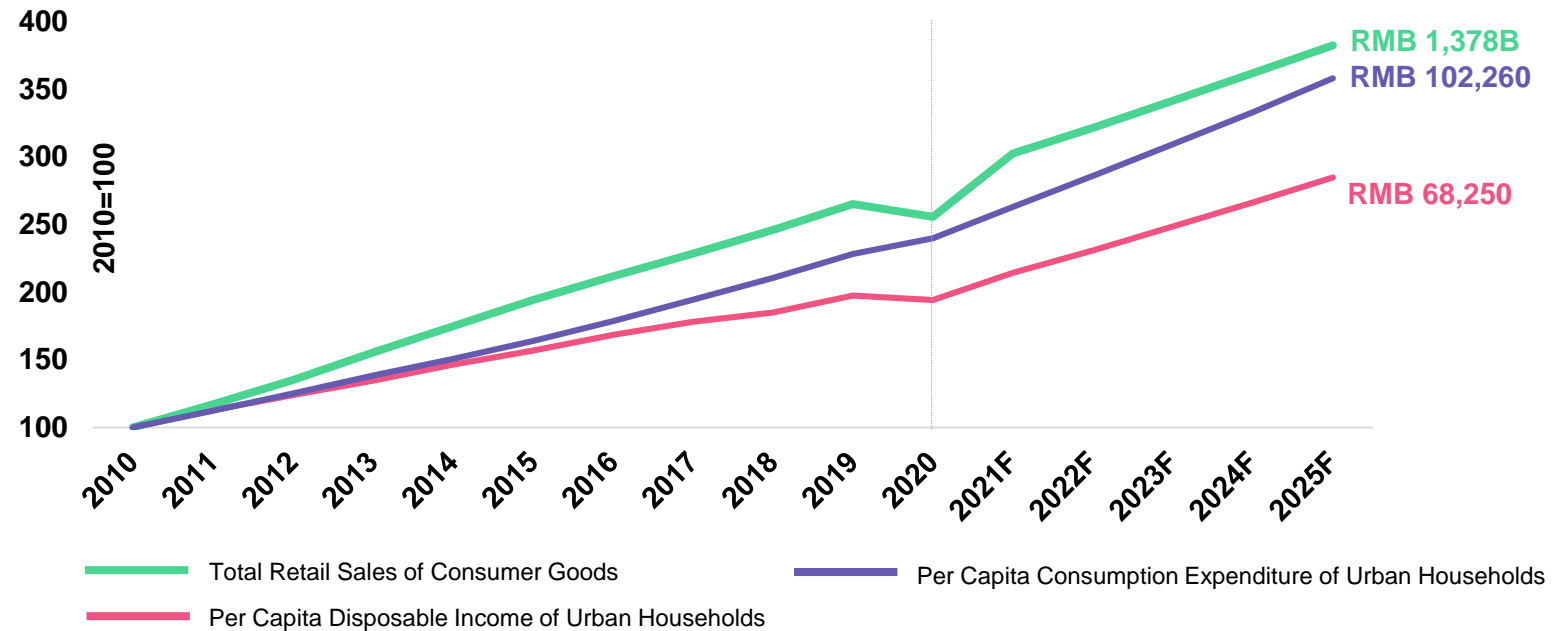
## Key Economic Data (YoY Growth)<sup>(1)</sup>

**GDP**  
**19.5%**

**Retail Sales**  
**31.7%**

**Disposable Income**  
**14.6%**

## Expenditure, Disposable Income and Total Retail Sales



**Guangzhou economy saw fast recovery with strong retail sales growth**

Notes:

(1) Data for 1Q 2021.

(2) Source: Guangzhou Statistics Bureau; EIU.



# Zhujiang New Town is an Established CBD in Tianhe District

## Guangzhou



Strong catchment with limited immediate new supply and conveniently located in densely populated downtown Guangzhou with 10 minutes drive from Tianhe CBD

# Favourable Downtown Location with Affluent Catchment



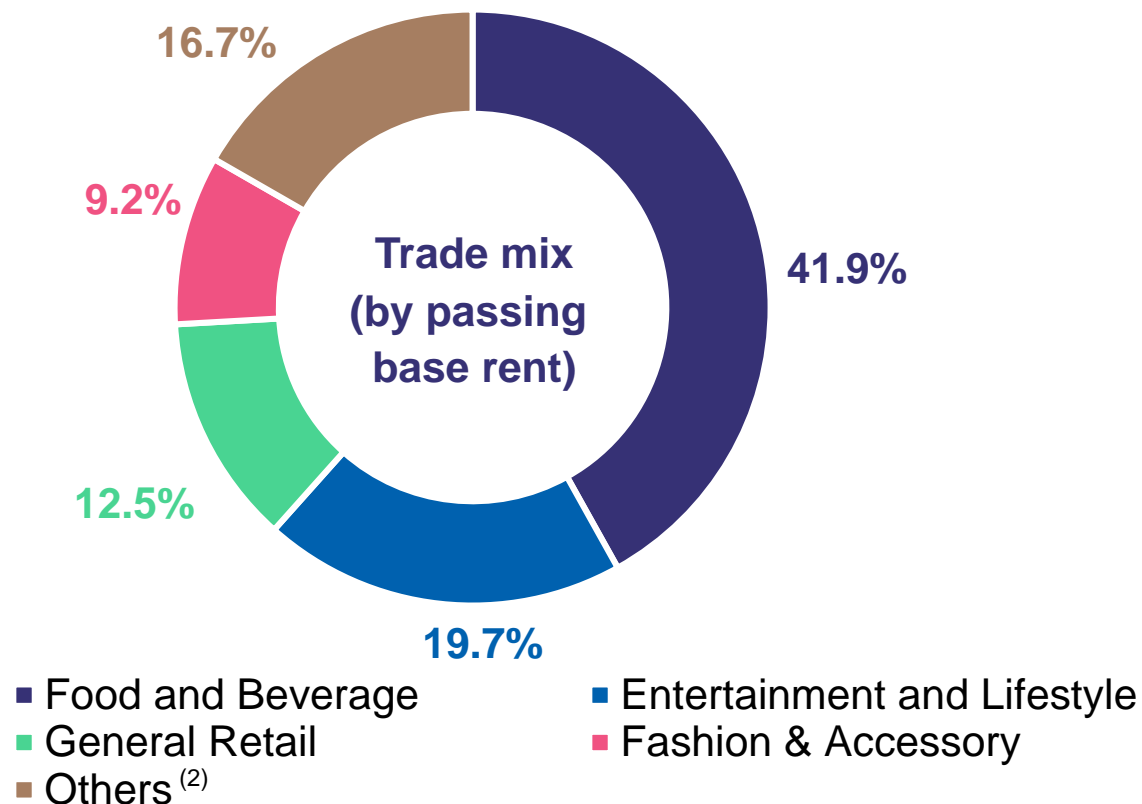
## Strong Catchment

- Current catchment includes young population from Jinan University (暨南大学), families from the affluent and densely-populated residential neighbourhood near-by and office workers
- Machang redevelopment would herald added vibrancy to the area and increase catchment population

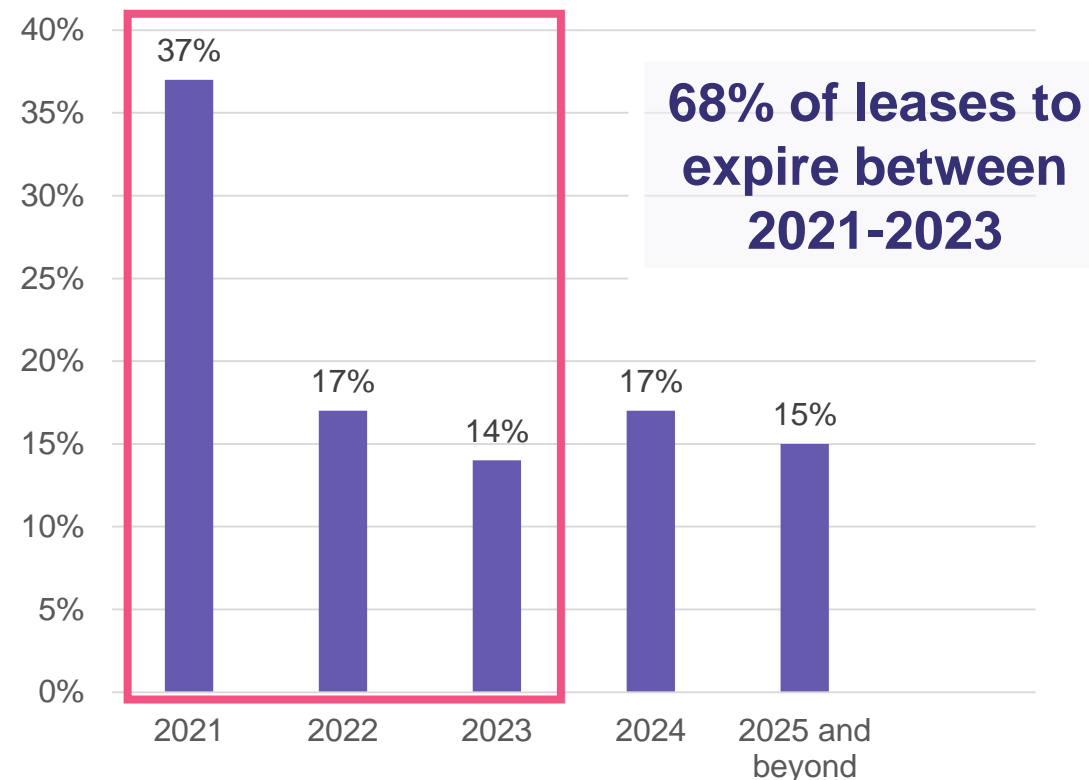
**Strategically located near established residential & commercial properties with limited competition**

# Defensive Trade Mix with Strong Rental Upside Potential

## Diverse Trade Mix



## Expiry Profile (by monthly passing rent)



**Upside potential from leasing up the asset from its current occupancy of only 70.3%, enhancing tenant mix from the upcoming lease expiration, and repositioning through asset enhancement**

Notes:

(1) Data as at March 2021.

(2) Including family & kids, education, valuable goods and miscellaneous.



# A Destination Centre Popular Among Established Retailers



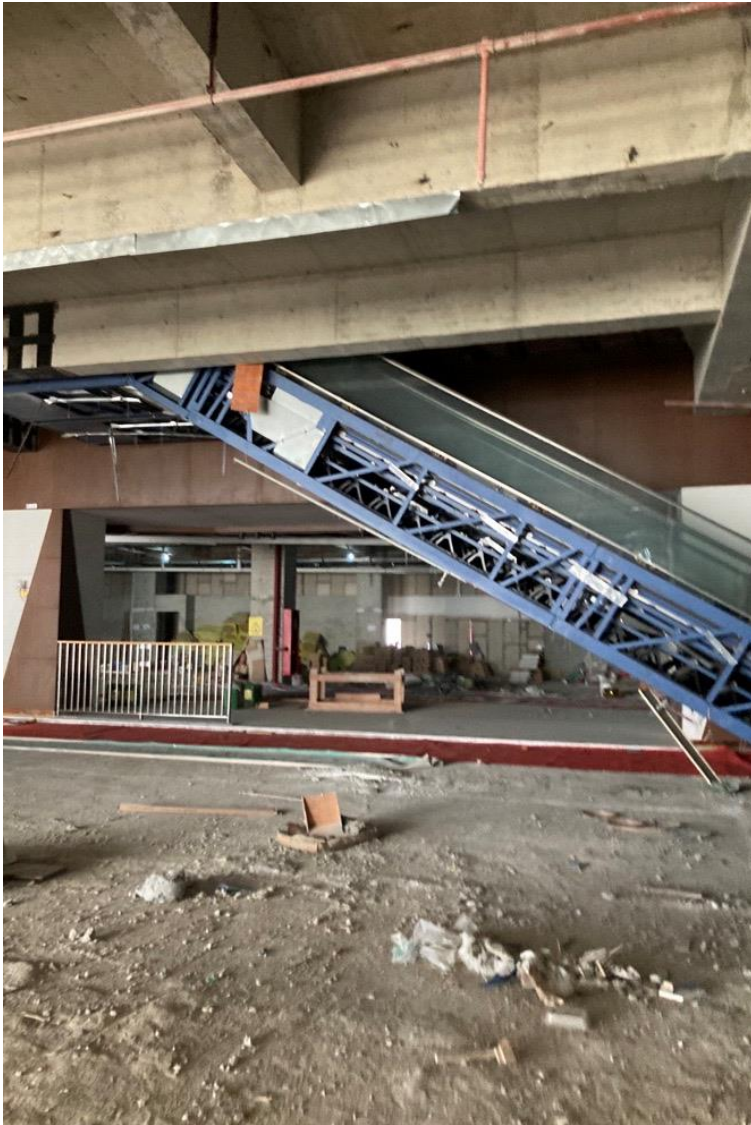


# Also Attracting Diverse Mid-market Retail, Fashion & F&B Offerings





# Unleash Potential via Active Asset Management and Enhancement



## Potential Work Scope

- **Re-position as an integrated leisure destination** for affluent modern families through upgrading tenant mix and expanding product and service offerings
- **Re-layout, fit out and re-open** vacant department store (~14K sqm)
- Upgrade existing shops with **young and trendy brands**
- **Improve overall ambience** by introducing entertainment and experiential elements
- Strengthen **sports and kid** offerings





# Financial Impact

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<b>Agreed Property Value <sup>(1)</sup></b>	<b>RMB 3,205 M</b>
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<b>Valuation by Colliers <sup>(1)</sup></b>	<b>RMB 3,350 M</b>
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<b>Monthly Passing Income</b>	<b>RMB 10.6 M</b>
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<b>Financing</b>	<b>Cash, existing and new debt facilities</b>
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## Portfolio Mix

▪ Pro-forma adjusted ratio of Mainland China assets <sup>(2)</sup>	<b>16.6 %</b>
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## Impact on Gearing

▪ Pro-forma adjusted ratio of debt to total assets <sup>(2)</sup>	<b>20.4 %</b>
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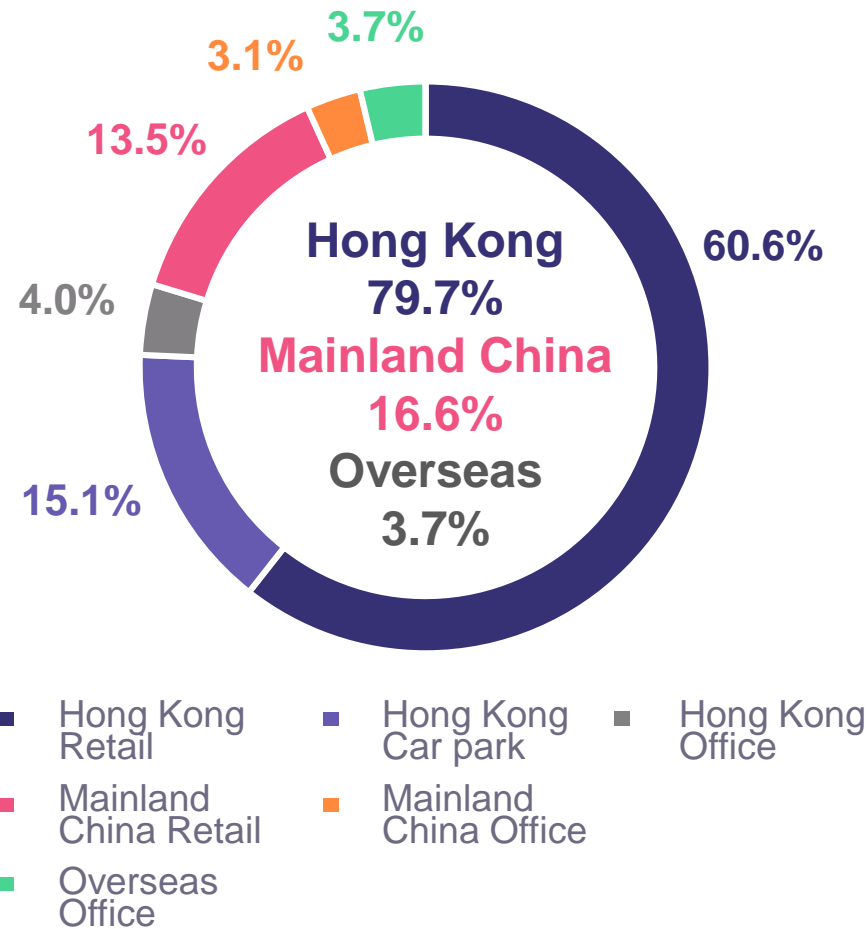
Notes:

(1) Source: Valuation report dated 24 May 2021.

(2) After adjusting for the impact of the interim distribution distributed to Unitholders on 28 December 2020, that offered a combination of cash and scrip distribution and the acquisition of 50% interest in Qibao Vanke Plaza, Shanghai which was completed on 2 April 2021.

# Enhance Portfolio Quality with Sustainable Income

## Investment Portfolio HK\$203B <sup>(1)</sup>



## Management Guidance on Portfolio

Geography	Pro-forma <sup>(1)</sup>	Guidance
Hong Kong	79.7%	70-75%
Mainland China	16.6%	≤20%
Overseas	3.7%	≤10%

Asset Class	Pro-forma	Guidance
Office	10.8%	≤20%

Note:

(1) As at 30 September 2020, including 50% agreed property value of Qibao Vanke Plaza, Shanghai which was completed on 2 April 2021 and agreed property value of Guangzhou Happy Valley Shopping Mall on a pro-forma basis.



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