

2022 ANNUAL RESULTS ANALYST BRIEFING

Hysan Development Company Limited

17 February 2023

 **Hysan** 希慎

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Keynote Address

Chairman
Ms. Irene Lee

Hong Kong's Role Remains Important and Strategic

- Global economy in 2022 was impacted by COVID-19, and by macroeconomic factors that included geopolitical tensions, war, inflation, interest rate hikes, supply chain disruption, energy and food crisis
- Hong Kong was not immune to external volatility. The travel restrictions and COVID-19 measures further dampened Hong Kong economic activity in 2022

Coming Back Stronger as the City Looks to Revive the Economy

- Relaxation of COVID-19 restrictions
- Hong Kong-Mainland China border reopening



Hysan's Enduring Appeal

- Strong core portfolio complemented by strategic pillars
- Unparalleled destination for businesses to thrive
- Community-based business model
- Long-term commitment to green and sustainable growth
- Strategic execution with a focus on financial discipline, risk management, and dynamic asset enhancement

Time for Core Rejuvenation

An area-wide rejuvenation, together with the Caroline Hill development, will significantly expand our footprint and reach



**Transforming Lee Gardens for the next century:
Fully integrated and connected Lee Gardens community**

Lee Gardens for the Next Century

The Trendsetter

Hysan Place

- Gateway to Lee Gardens
- Seamless vertical journey linked by a series of exciting destinations with a high level of urban vibrancy

Home of Luxury Flagships

LG1, LG2, LG3 & LG5

- Exclusive destination for top international brands

The Green Centric

Caroline Hill Road Project, LG2 & LG6

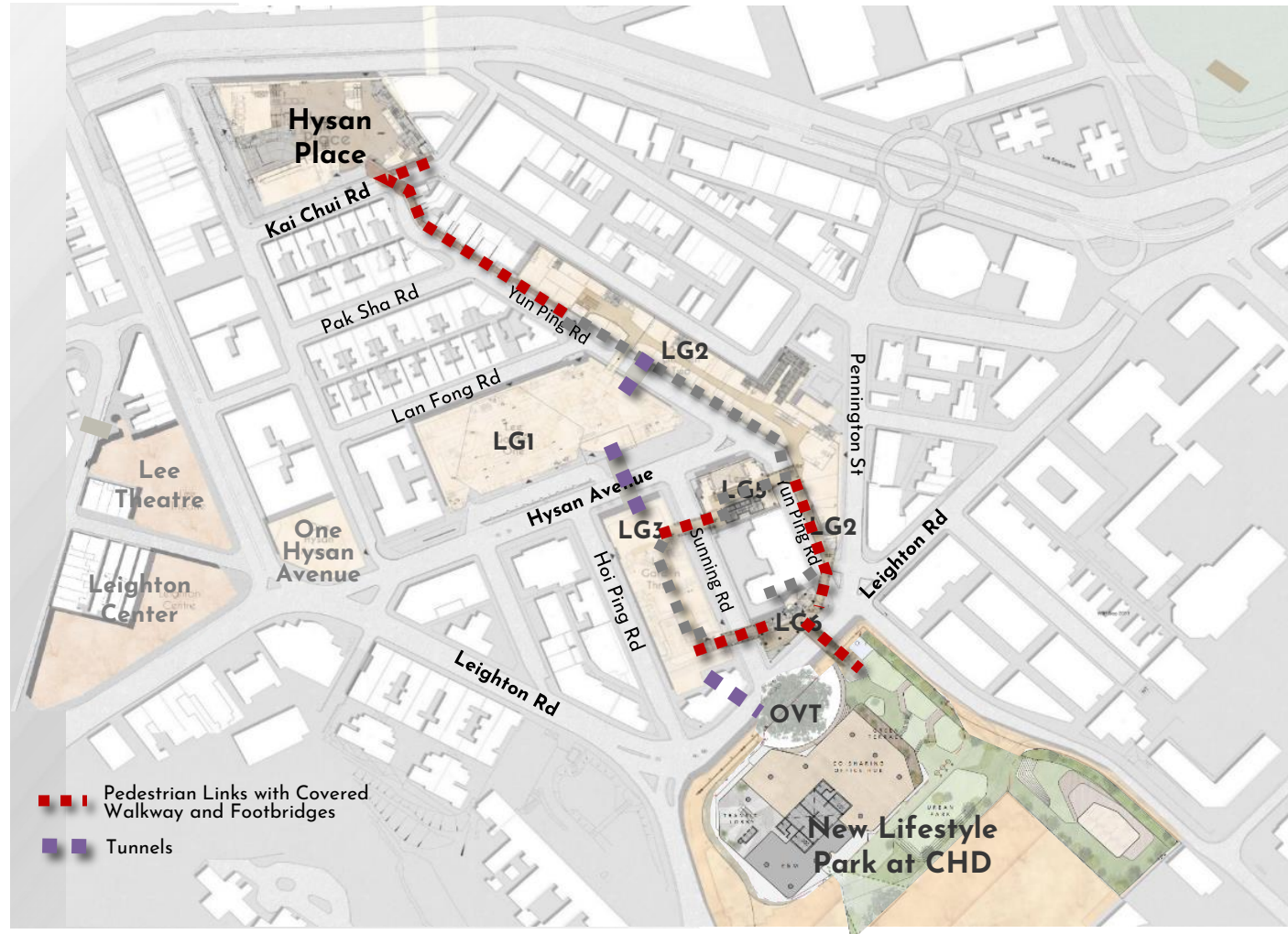
- Premium Grade A office space
- 60,000 sq ft Lifestyle Park, an urban oasis for the community



Lee Gardens for the Next Century

Walkable Community

- Covered walkways and footbridges connecting the high traffic from the busy CWB MTR exit from Hysan Place to Caroline Hill Road Development by 2026



On Track with our Strategic Pillars

VILLA LUCCA



To Kwa Wan URA Residential Project



Lee Gardens Shanghai



GBA Flex Business with IWG



Medical & Health - Investment in New Frontier





Embedding Sustainability for the Future

We are committed to inclusivity, diversity, social wellbeing, climate change preparedness, and liveability within the communities we serve

- **The after effects of the pandemic** and geopolitical tensions combined with recession, inflation and high interest rates will **remain challenging**
- The reopening of the border and the resumption of business and social activities will help **revive our city's status as a financial, trading and tourist hub**
- Our long term prospect remains **positive** as we continue to **develop and expand our core portfolio and pillars**



Business & Operation Review

Executive Director & Chief Operating Officer
Mr. Ricky Lui

2022 Annual Results

Group

Revenue

HK\$ 3,460M (-4.1%)

Underlying Profit

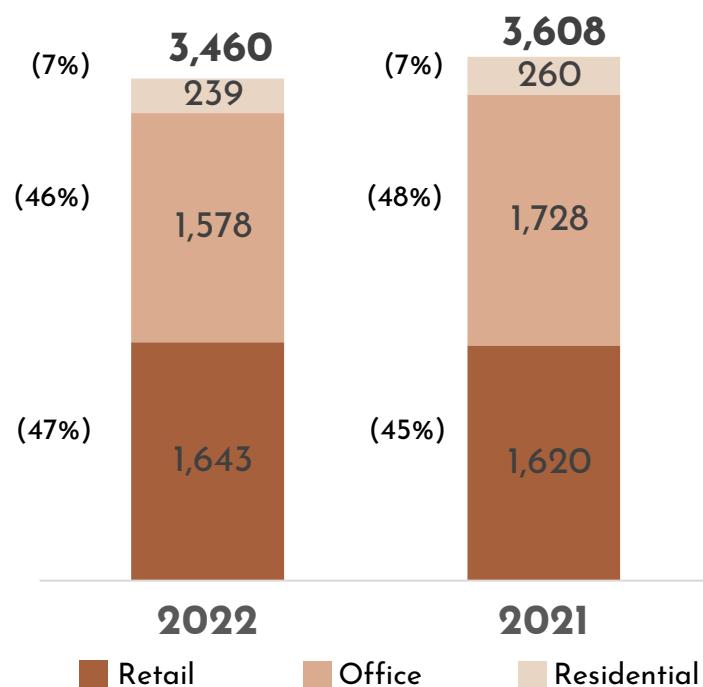
HK\$ 2,129M (-8.6%)

DPS

HK\$ 1.44 (flat)

By Sector

Revenue (HK\$M)



Year-end Occupancy

Retail **99%**

Office **90%**

Residential **61%**

Structural change, accelerated by COVID-19, continued to put pressure on the office sector

The retail sector improved in the second half of 2022 after a difficult first quarter

Retail

Retail Portfolio Turnover

HK\$ 1,643M (+1.4%)

Occupancy

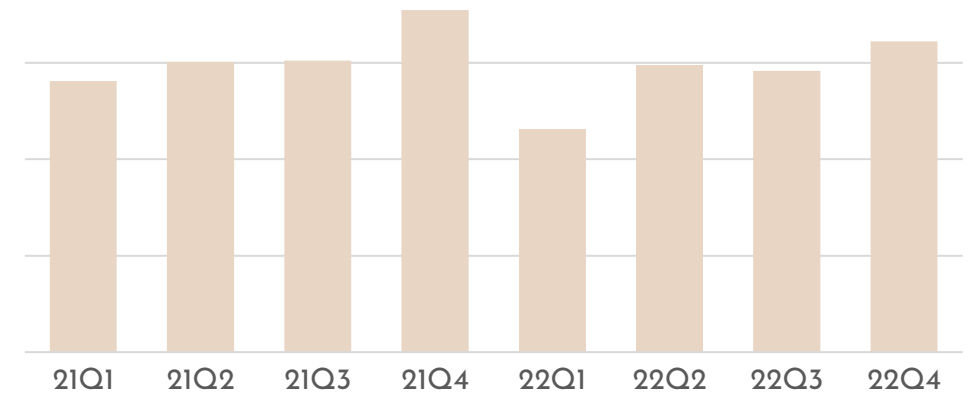
99%

- Overall consumption demand in 2H 2022 was supported by a generally stable pandemic situation and a stronger labour market

- Continued to optimise tenant mix

Hysan anticipates increased spending by both visitors and locals as Hong Kong moves along the path to economic recovery

Hysan Quarterly Tenant Sales Trend (2021 - 2022)



- Hong Kong retail sector stayed resilient in 2022 despite the impact of COVID-19

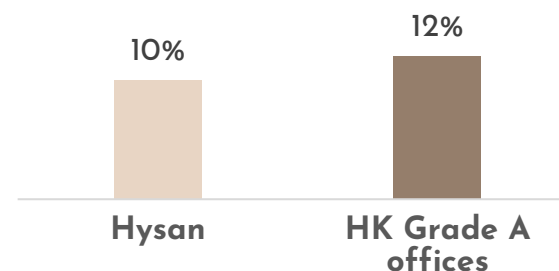
- Retail sales trend of Hysan was in line with Hong Kong market trend

Office

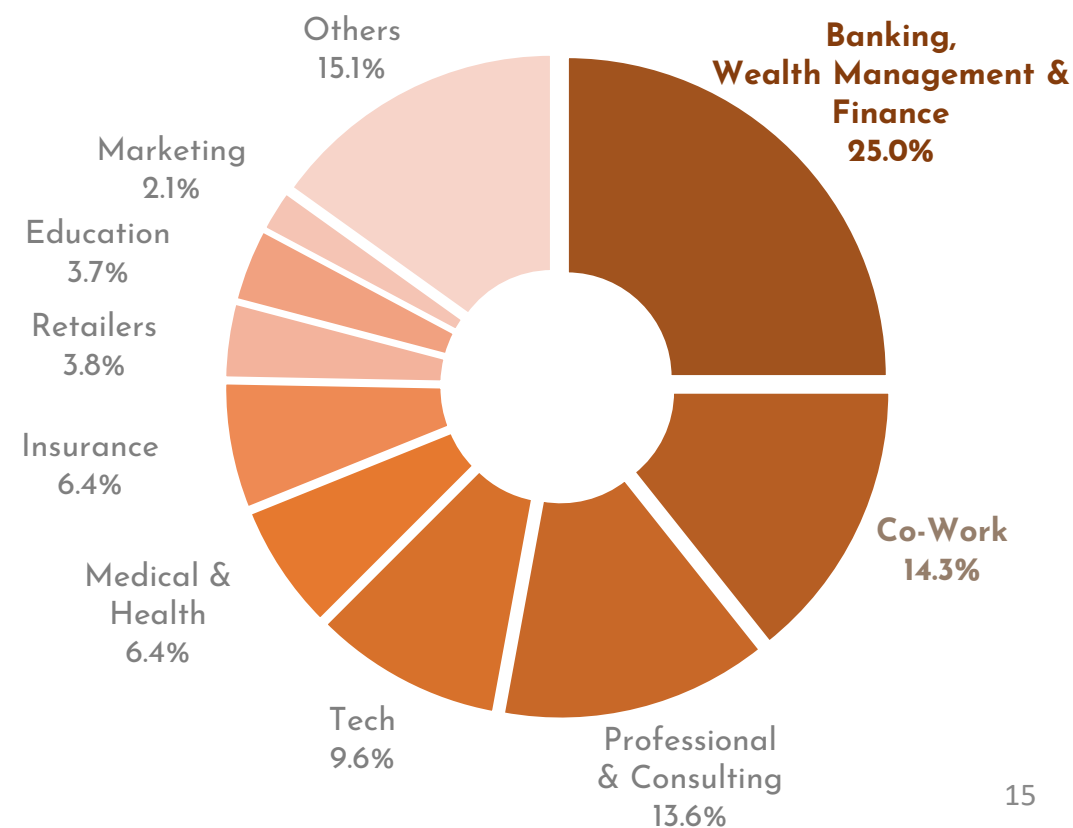
Office Portfolio Turnover
 HK\$ 1,578M (-8.7%)

Occupancy
 90%

Vacancy Rate



Office Tenant Profile by Area (2022 Year-end)



Hong Kong's office market remained challenging

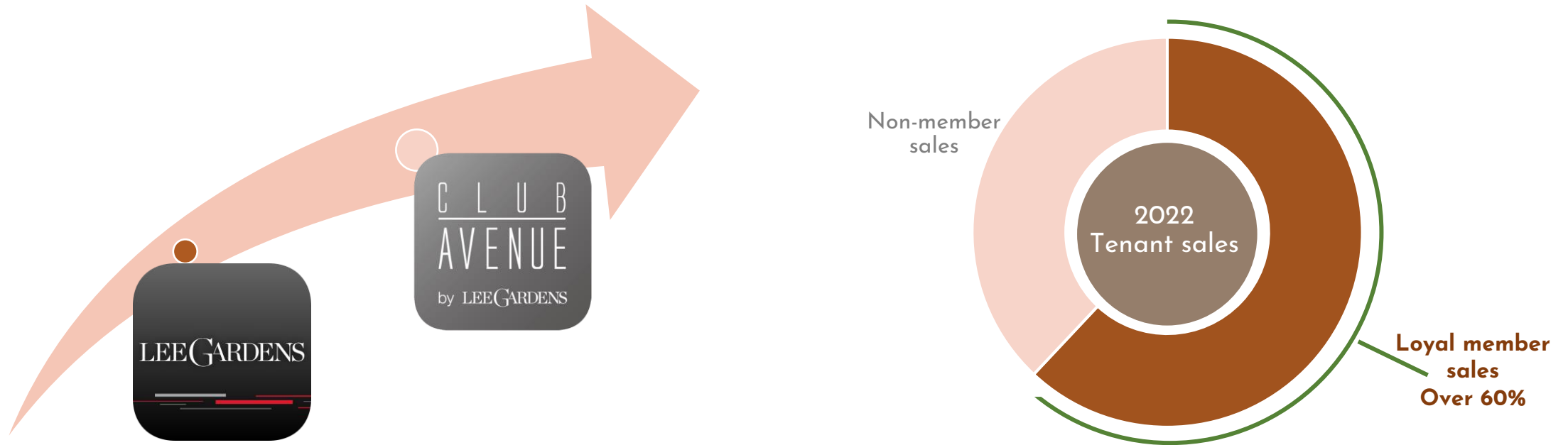
- Global economic uncertainties, interest rate hikes, and COVID-19 related travel restrictions
- Limited demand and increase in supply

At the prospect of market recovery

- Relaxing of COVID-19 restrictions
- Unparalleled appeal to multinational and local businesses, top-quality facilities and management, a well-connected location and an integrated retail & office community

Marketing Initiatives and Loyalty Programmes

Dual Loyalty Engines



- Loyalty programmes to target two different groups of customers
- Lee Gardens Club (“LGC”) incubates future VIP members for Club Avenue (“CA”)

Marketing Initiatives and Loyalty Programmes

Superior and digitised O2O experience



- A seamless O2O engagement digital platform was launched
- Online/offline Hy! Platform continued to gain traction
- Solid tenants' participation from over 100 tenants
- Over 54,000 products were sold



Residential

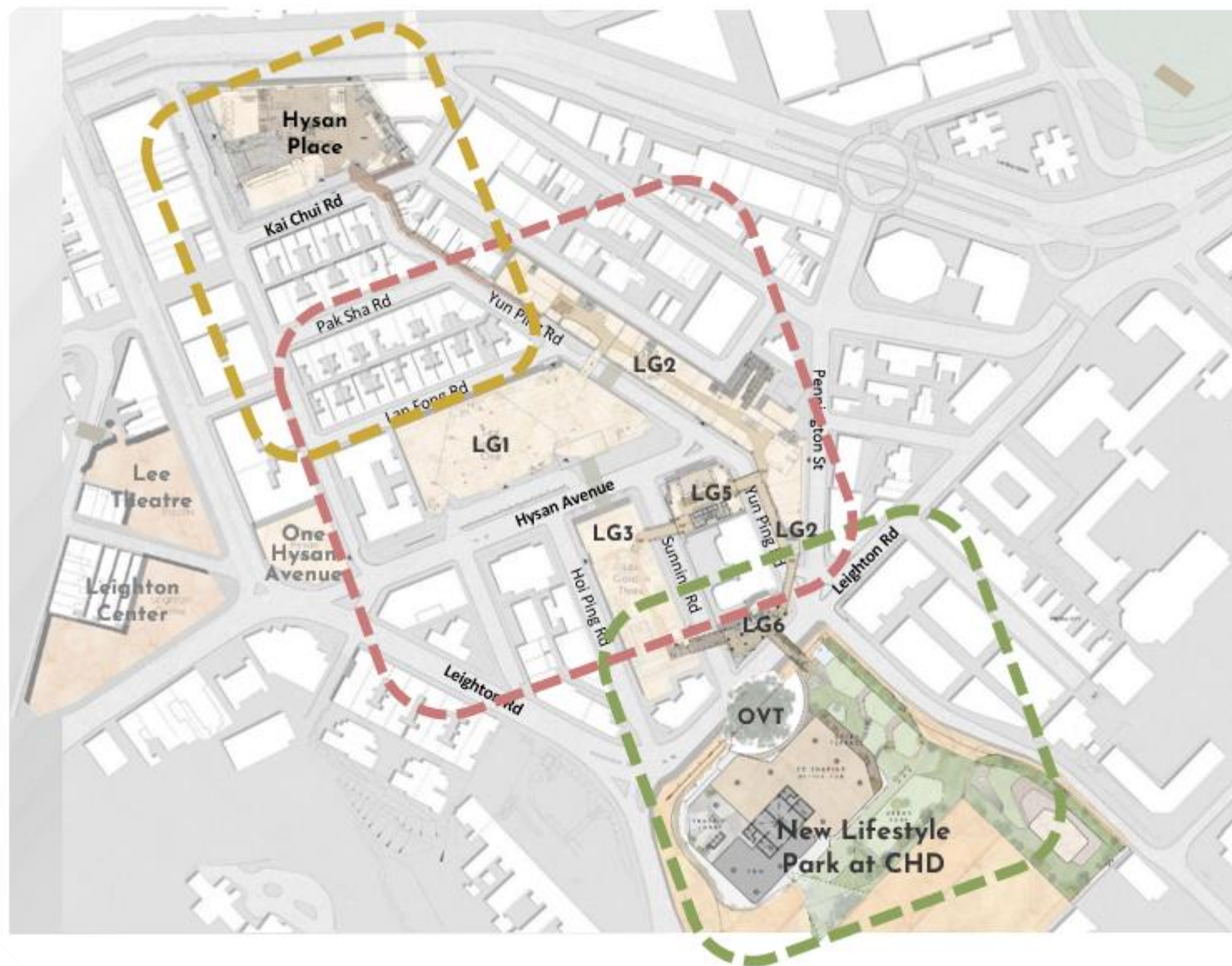
- Hong Kong's luxury residential leasing market remained quiet due to macroeconomic conditions and travel restrictions leading to subdued demand from expatriates



Business & Operation Review

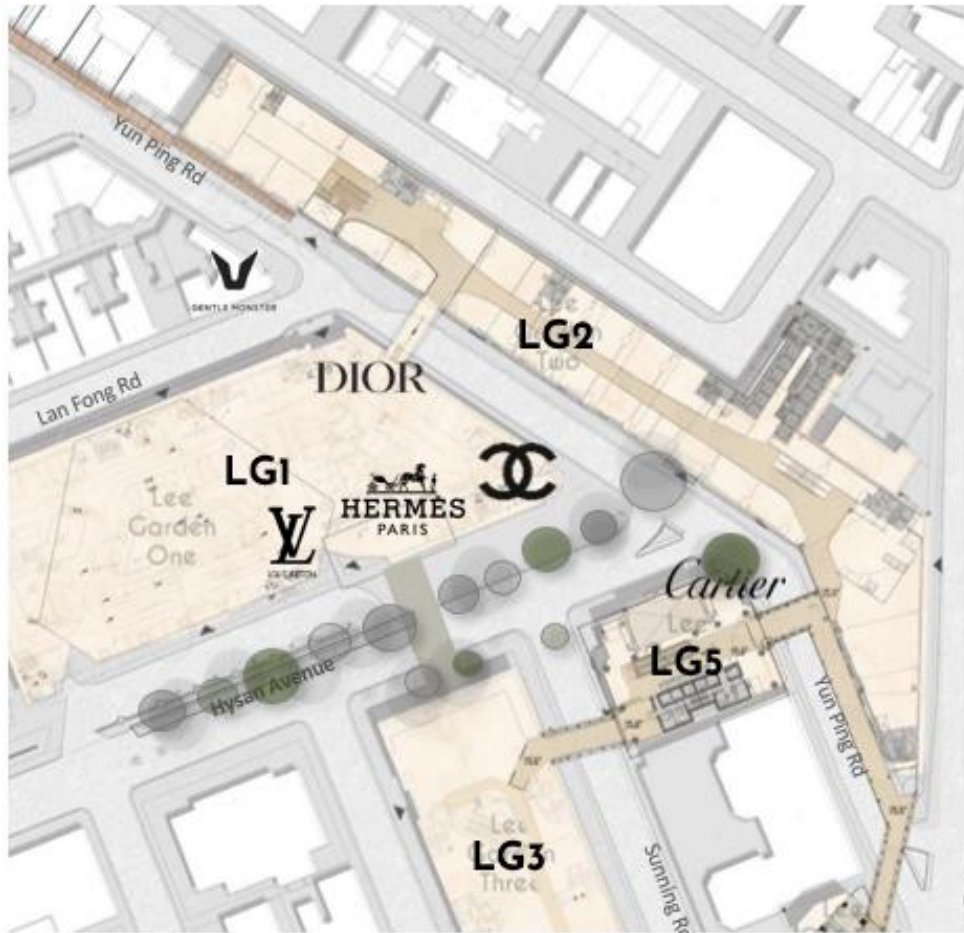
Core Expansion and Pillars Update

Lee Gardens Rejuvenation



Upgrades for LG1 and LG5 Home of Luxury Retails

- Top luxury flagships occupy a total space of over 50,000 sq ft



Hysan Avenue Façade (Hermès & Chanel Façade to be changed)



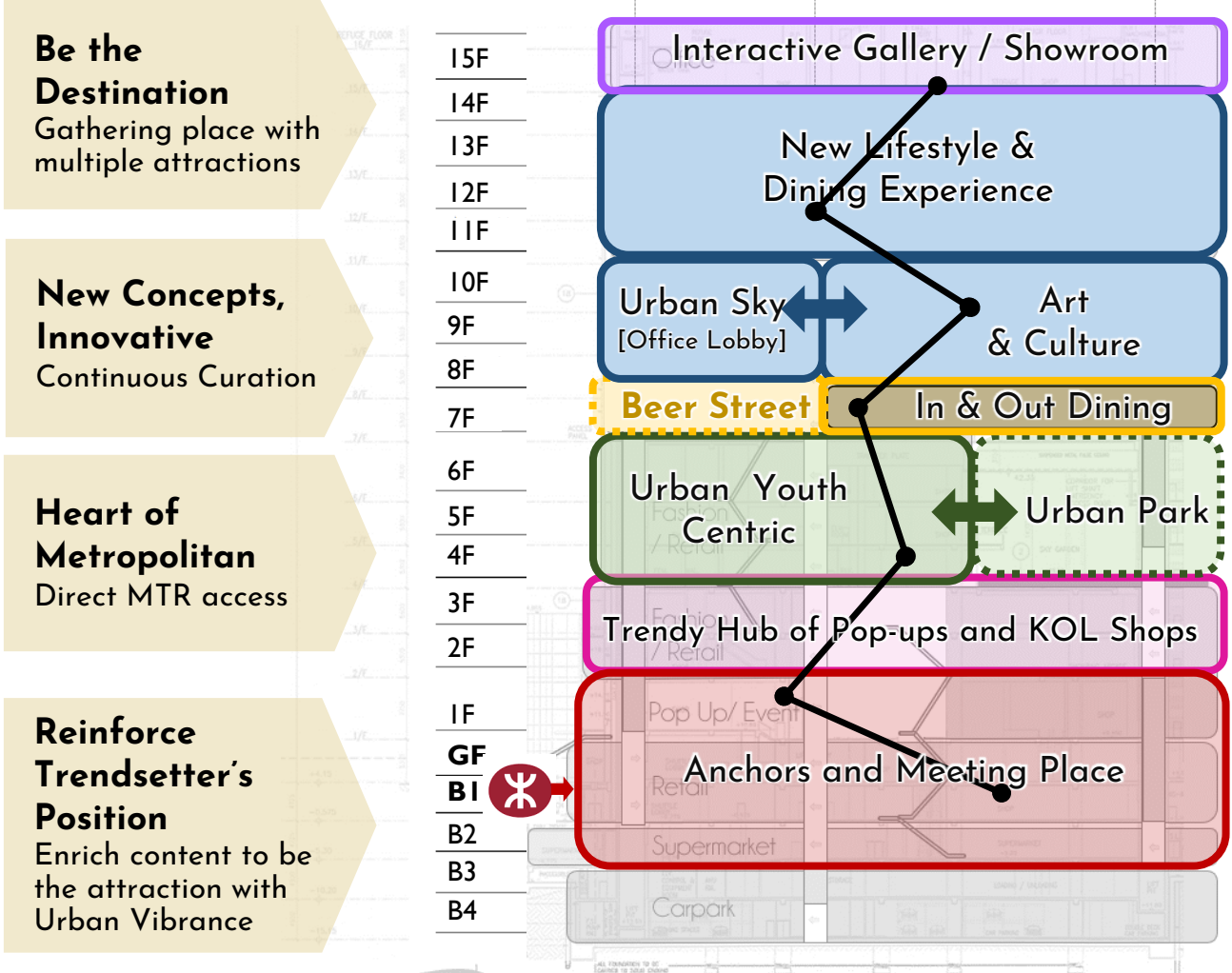
Yun Ping Road Façade (New Entrance)



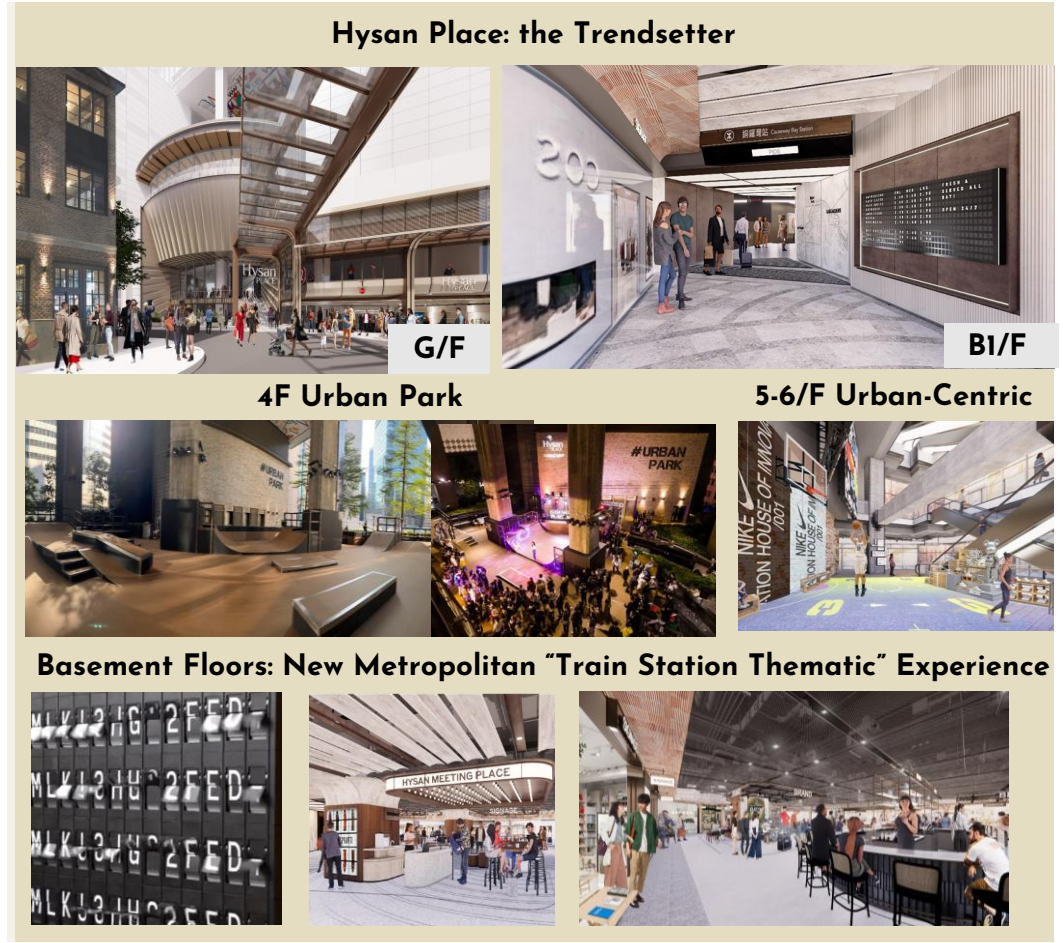
Re-create the Boulevard along Hysan Avenue with Major Renovations at Lee Garden One and Lee Garden Five

Hysan Place Refurbishment

A seamless vertical journey linked by series of attractions



Hysan Place - GATEWAY to Lee Gardens Area



Caroline Hill Road Development



Foundation works commenced in

Sep 2022

Project Completion

2026

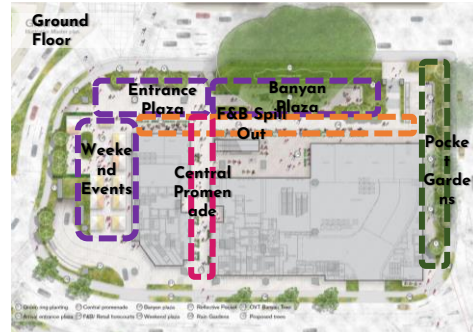
and Connecting Walkway (from CWB MTR station to the site)

(estimated)

- **Foster + Partners as the Design Architect**
- **New standard for premium Grade A office space**
 - Spatial Efficiency
 - Sustainability
 - Flexibility
 - Amenities

Caroline Hill Road Development

More than 60,000sf public open space



Performing Art & Culture facilities



Art Library



Auditorium

Lifestyle Retail and F&B offerings



G/F Weekend Market



Central Promenade



G/F F&B Spill Out



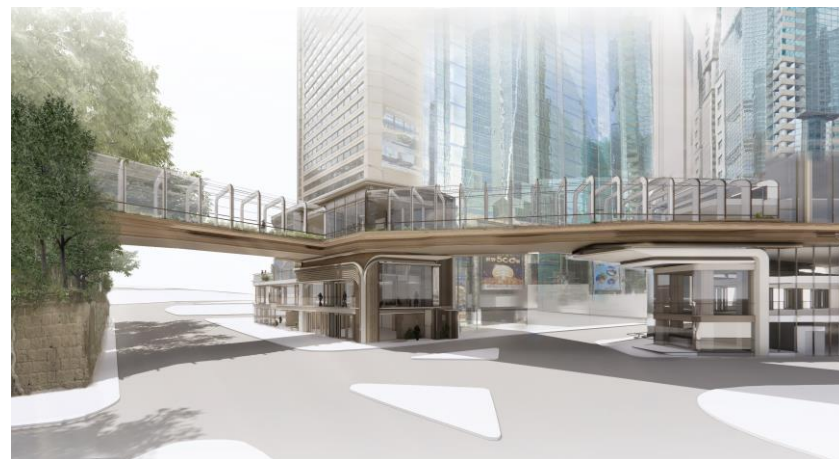
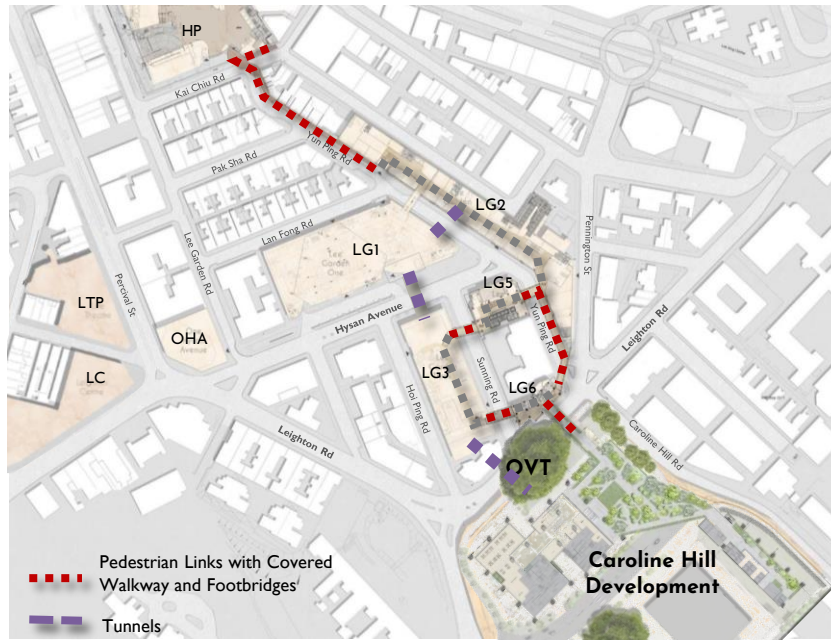
Multi-Green Decks on High Zone & Rooftop



600 Parking Spaces + Minibus Terminus

A Weather-proof Pedestrian Link System

A Connected Lee Gardens Community



- Pedestrians to enjoy a seamless and connected journey linked by covered walkway and footbridges
- Vehicular Tunnels to Alleviate Traffic
 - Alleviating traffic congestion up to 70%
 - Intend to integrate 4 carparks with a total of about 1,200 private car parking spaces

Core Expansion and Strategic Pillars



VILLA LUCCA

Anticipation of more interest from local and cross-border buyers as COVID-19 restrictions are further lifted



Lee Gardens Shanghai

Pre-leasing activities resumed after the lifting of COVID-19 restrictions. First tenant committed in Q4 2022



To Kwa Wan Residential

Leverage Hysan's skillset by overseeing the design and operations of the retail portion



GBA Flex

Generally resilient with strong demand generated by structural changes in office sector



New Frontier Investment

Strategic exposure to the growing private healthcare sector in China



Sustainability

Hysan's Community Business Model

Community Business Model

Curate sustainable communities with thriving neighborhoods that are agile and resilient towards changes.
Foster connection between people and place; past, present and future.



Inclusivity

Connect the community by providing fair and equal access to stakeholders



Positive Economic Impacts

Provide a value-creating environment to sustain the community economically.



Social Wellbeing

Bond people socially to create a solid foundation for the community.



Climate Change Preparedness

Strive to ensure climate readiness of LG portfolio.



Liveability

Create high-quality, comfortable urban spaces that integrate nature with the urban and social fabrics to support living and sharing.

Innovations

Governance

Partnerships

Sustainability Performance

Benchmarking & Rating



Remained 4-star



Hang Seng Corporate Sustainability Index Series Member 2022-2023

Remained AA



Remained A



Remained as Low Risk



Improved to 3.5 / 5

Awards and Accolades



8th Hong Kong Investor Relations Association Awards 2022

Grand ESG Award, Best ESG (E), Best ESG (S), Best ESG (G)



HKQAA's Hong Kong Green and Sustainable Finance Awards 2022

Outstanding Award for Green and Sustainable Loan Issuer (Real Estate Industry) - Visionary Green Loan Framework; Pioneering Organisation in ESG Disclosure Enhancement



HKICPA's Best Corporate Governance and ESG Awards 2022

Special Mention for Corporate Governance - Non-Hang Seng Index Categories (Medium Market Capitalization)



HKMA Best Annual Reports Awards

Excellent Award in ESG Reporting



GBA Low Carbon Buildings Top 100 Award

Hysan Place and Lee Garden 3

CHR Project Financing:

**The Largest Green Loan
in Hong Kong**

HK\$ 12.9b

Green
Bonds

HK\$ 1.5b

Sustainability -
Linked Loan

HK\$ 3.5b

Sustainability -
Linked Hedge

HK\$ 1.0b

Sustainable
Bonds

HK\$ 0.4b

Sustainable Finance Transactions as at 31 Dec 2022: **HK\$ 19.3b**

48% of Total Debts and Facilities



Financial Management

Chief Financial Officer
Mr. Roger Hao

Financial & Capital Management

Shareholders'
Fund

HK\$ 70.2b (- 5.0%)

NAV
per share

HK\$ 68.4 (- 4.2%)

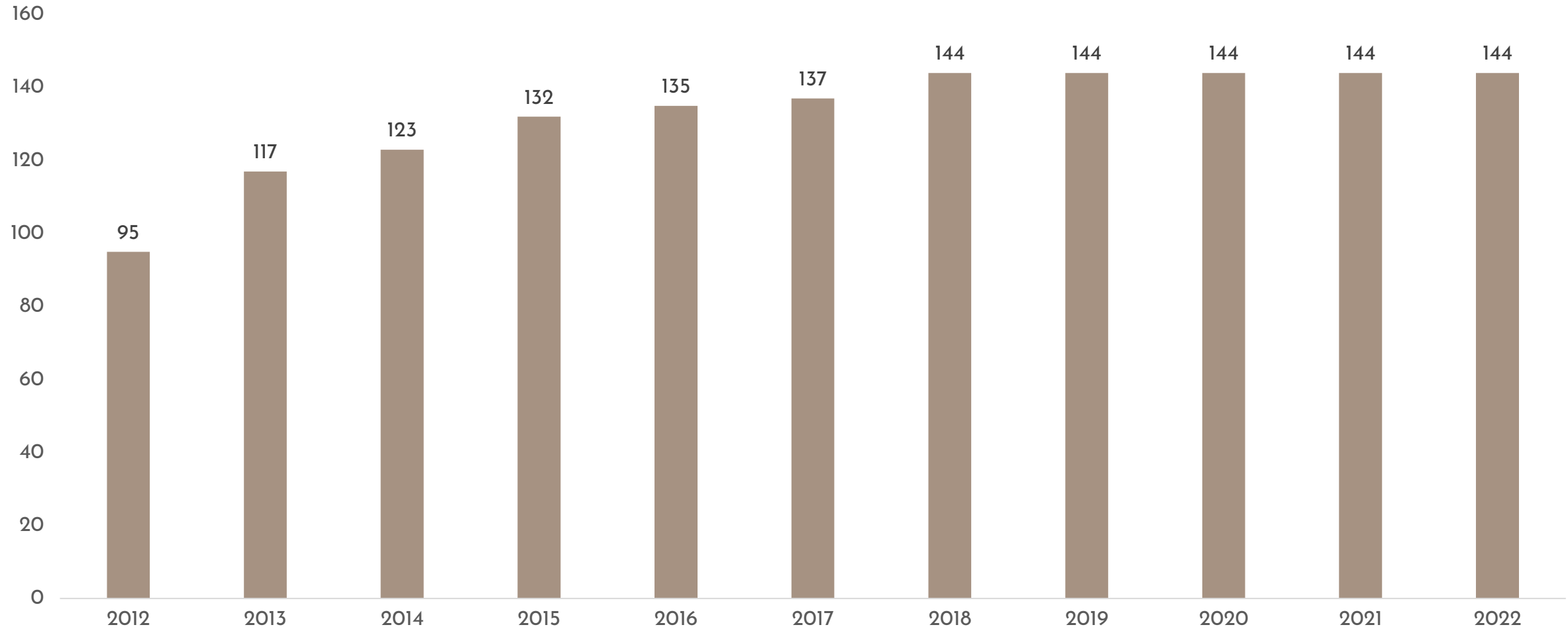
DPS

HK\$ 1.44 (flat)

Dividend

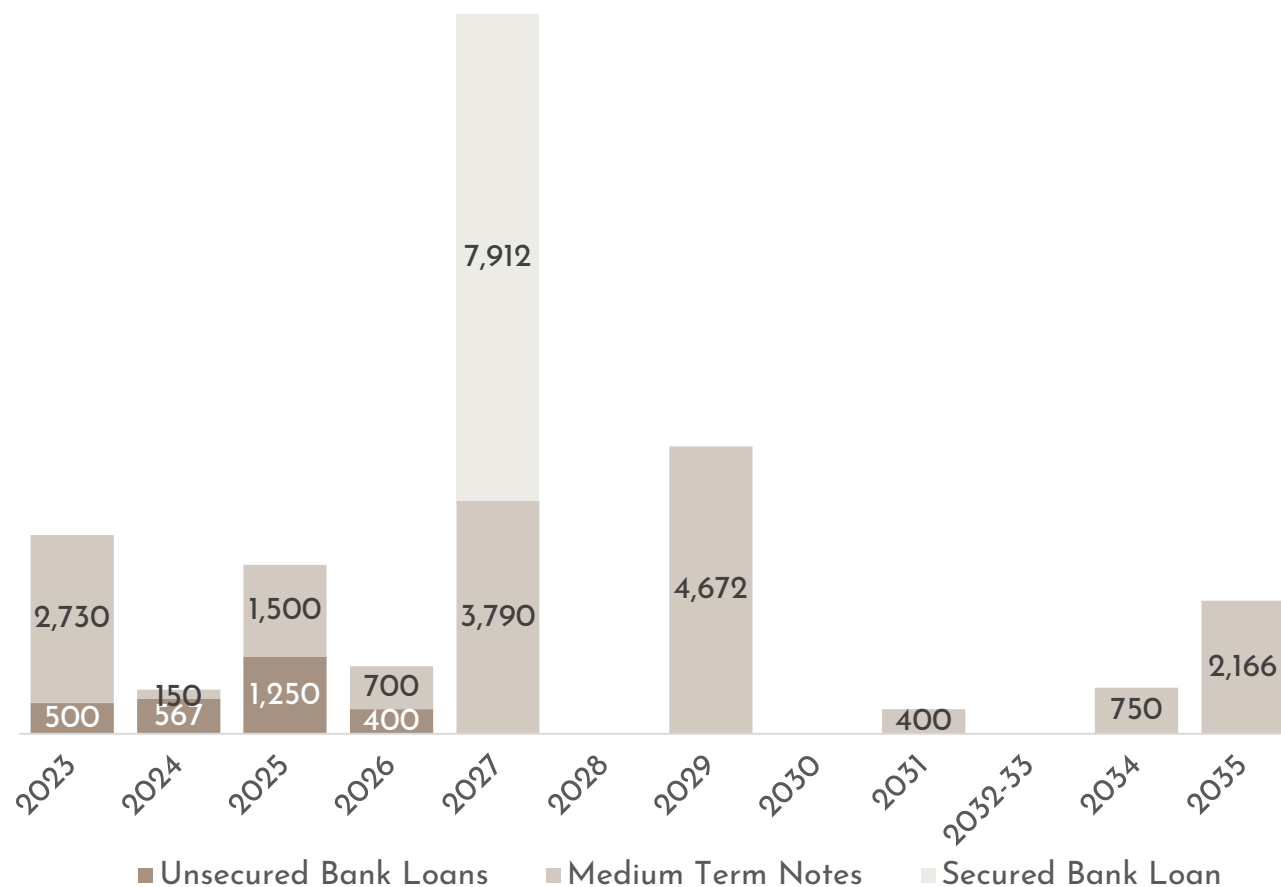
Stable & Progressive DPS Track Record

DPS (HK cent)



Financial & Capital Management

Debt Maturity Profile as at 31 Dec 2022
(HKD'm)



Key Financial Metrics

Net Gearing	Effective Interest Rate
23.4%	2.8%
Fixed Rate Debt Ratio	Average Debt Maturity
61%	4.8 years
Undrawn Committed Facilities	Sustainable Finance
HK\$ 9.9b	48% of total debts and facilities
Credit Ratings	
Moody's	Fitch
A3	A-

Indicative Cap Rates

	31 Dec 2022	31 Dec 2021
Retail	5.25% - 5.50%	5.25% - 5.50%
Office	4.25% - 5.00%	4.25% - 5.00%
Residential	3.75%	3.75%

THANK YOU



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