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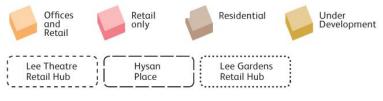
## Agenda

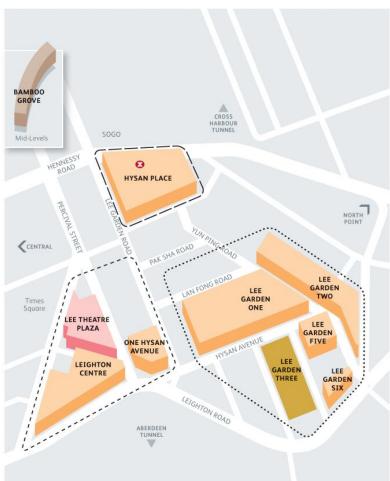


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# Hysan Portfolio One of the largest commercial landlords in Causeway Bay







The Hysan Portfolio – 4.1 million sq.ft. (GFA) of highquality retail, office and residential space (excluding Lee Garden Three, which are currently under development)

#### **Retail**

- **Hysan Place:** trendy gathering place for younger crowds
- ■Lee Gardens hub: elegant and luxury premium spaces
- ■Lee Theatre hub: urban fashion and sporty lifestyles
- Retail comprises 46%\* of total properties value

#### Office

- ■Core location with premium facilities and work-life balance
- ■Office comprises 36%\* of total properties value

\* As of 30 June 2017

## **2017 Interim Results Highlights**



- Turnover up 1.8% year-on-year; Recurring Underlying Profit up 4.2%
- Retail portfolio occupancy at 99%; Office portfolio occupancy at 94%
- Demand for quality Grade A office space in core commercial district supports the strong demand in forthcoming Lee Garden Three

#### **Overview**



- Overall improvement in the global economy during the first half of 2017
- Hong Kong's economy echoed this positive sentiment
- Local retail sales was reasonably stable
- Office leasing market continued to see strong demand for core area space

### A Memorable Shopping Experience



- Structural adjustments generated by e-commerce and the corresponding changes in consumer behaviour have seen us adapt to new ways of operating our retail space
- Shopping experience must combine quality service, with content which is constantly refreshed, relevant and personalised



- Aim to give our shoppers and visitors much more than simple convenience in ways that cannot be replicated online
- Physical store still plays an important but changing role, through the provision of a backdrop to supply content and entertainment





- Take an integrated approach
  - > Collaborate with tenants / stakeholders for events and activities
  - > Expand our loyalty programmes
  - > Make use of technology on promotions and customer interface
  - > Enhance our tenant mix
- Our geographical concentration help magnify popularity of our offerings

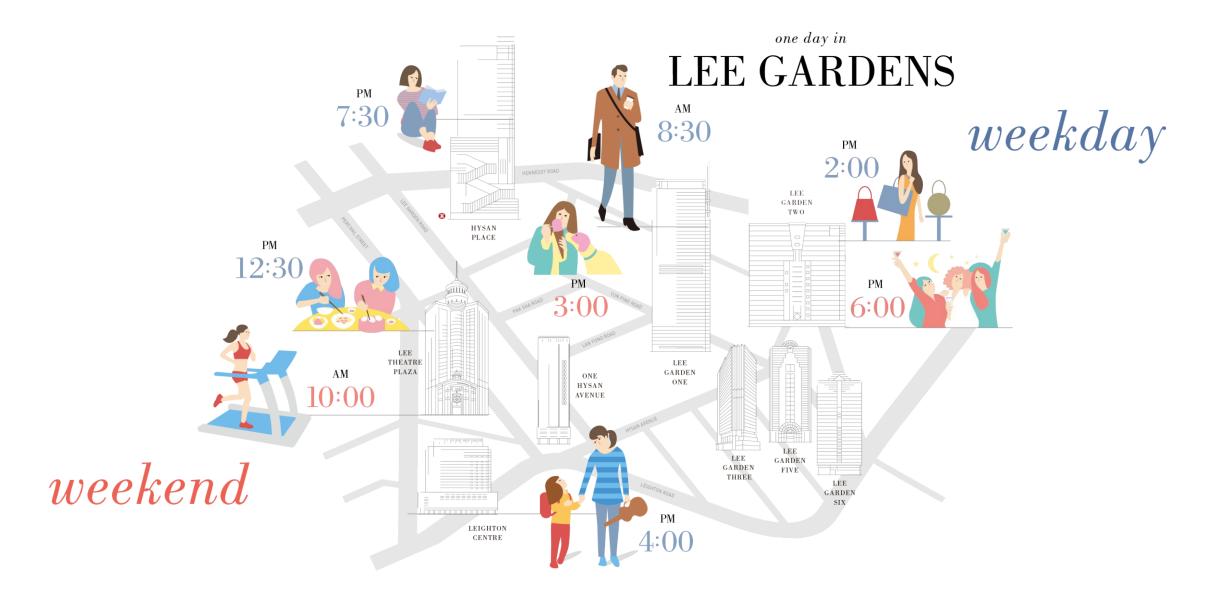


- Unique events included:
  - CX / HSBC Rugby Sevens Fan Walk (street festival, technology-based games, e-coupons to drive tenant business)
  - "Leeisure" programme rewarded high-spending shoppers
  - > eslite summer lifestyle festival



- Lee Gardens is a unique community, and those who live, work, eat and shop here form an emotional attachment
- Continue to curate fresh and engaging content for this community, and ensure it remains a front-of-mind destination throughout the day for individuals and families







- Special marketing efforts aimed at recruiting new members for loyalty programmes
  - ➤ Club Avenue membership for VIPs
  - Lee Gardens Plus membership for commercial tenants' staff and residential tenants
- Added resources to visitors' marketing programme through commercial partnerships to enhance profile in markets beyond Hong Kong



- Utilise technology for different aspects of events and loyalty programmes
- Continue to bring in interesting businesses and concepts for our permanent spaces and pop-up stores

## **Office Portfolio Advantages**



- Benefit from companies' movement away from Central and nearby areas to other core district of Hong Kong Island
- Location convenient and accessible, with broad range of lifestyle offerings
- Partner with up-and-coming co-work space providers to create work-based communities

### **Lee Garden Three Updates**



- Lee Garden Three office space, which takes up about 80% of the tower's gross floor area, has received rental commitments for more than half of its floor space
- Retail portion will see lifestyle extension to our existing portfolio
- Building on track for end of 2017 completion

### **Tai Po Project Update**



- Residential joint-venture project's master layout plan has been established, and its design and statutory submission are in good progress. The site investigation has also been completed.
- Continue to seek similar opportunities to build new engines of growth beyond core portfolio

# **2017 Interim Results Highlights**

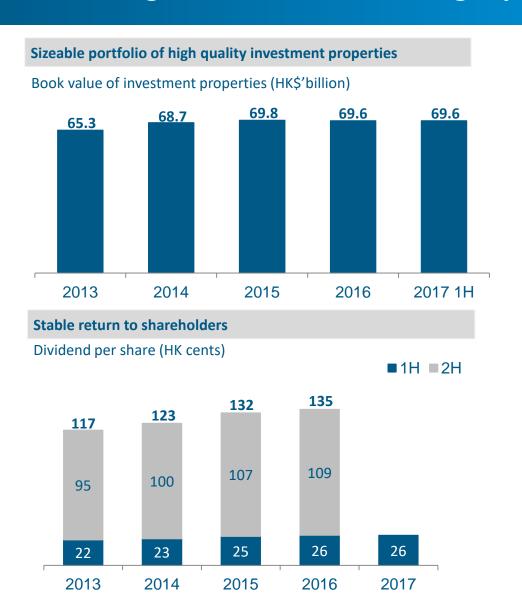


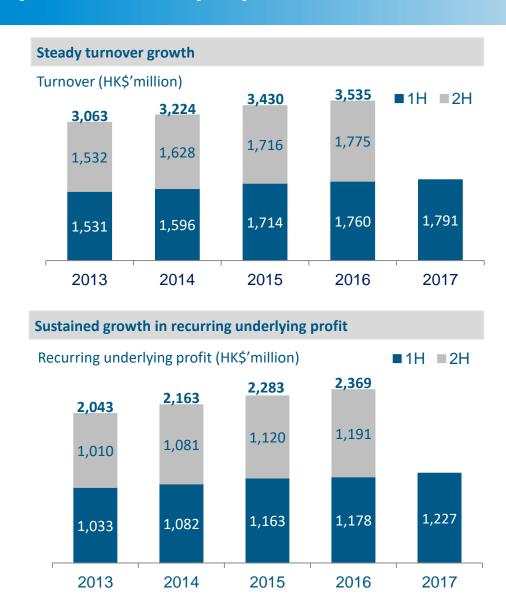
	30/6/2017 HK\$'M	30/6/2016 HK\$'M	%
Turnover	1,791	1,760	1.8%
Recurring Underlying Profit	1,227	1,178	4.2%
Underlying Profit	1,227	1,178	4.2%
- Fair value (loss) or gain on investment properties located in	•		
· Hong Kong (net of effect of non-controlling interests' shares)	(495)	(281)	76.2%
· Shanghai*	1	2	-50.0%
· Imputed interest income on the non-current interest-free loan to a joint venture	13	-	n/m
Reported Profit	746	899	-17.0%
	30/6/2017 HK\$'M	31/12/2016 HK\$'M	%
Shareholders' Funds	67,163	67,490	-0.5%

<sup>\*</sup> The investment properties are held by an associate of the Group. n/m: not meaningful

# 2017 Interim Results Highlights (con't) Recurring rental income from high quality investment properties



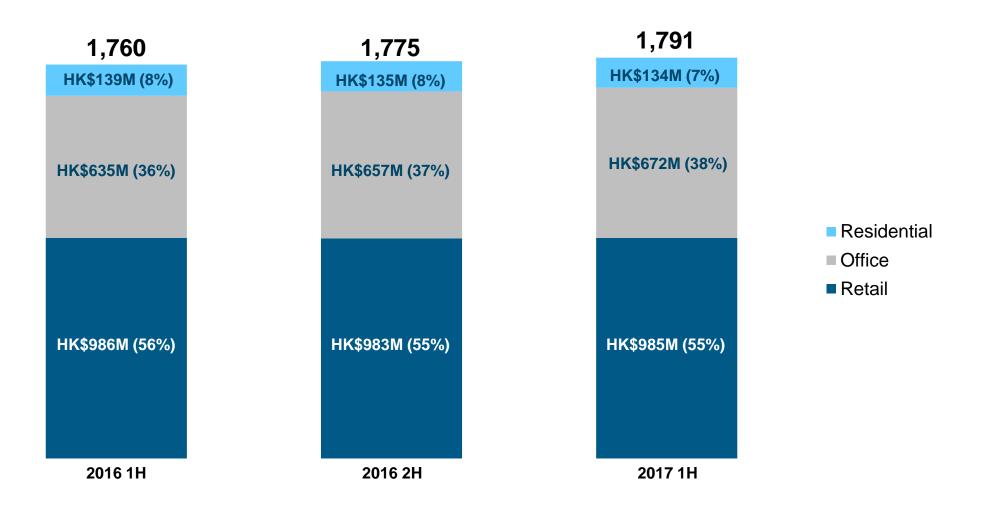




### **2017 1H Performance: By Portfolio**



#### Turnover (HK\$'M)

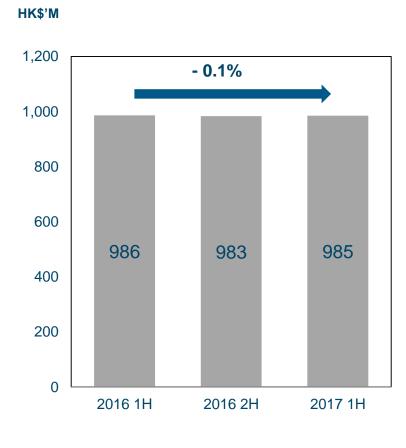


#### **2017 1H Performance: Retail Portfolio**



- Retail portfolio turnover decreased by 0.1% to HK\$985 million (2016 1H: HK\$986 million)
  - Turnover rent of HK\$25 million (2016 1H: HK\$28 million)
- Occupancy: 99% as at 30 June 2017 (31 Dec 2016: 99%)
- As the portfolio is going through a process of tenant mix adjustment, there was overall negative rental reversion in renewals, reviews and new lettings across the portfolio

### Retail Portfolio Turnover



#### **2017 1H Performance: Office Portfolio**

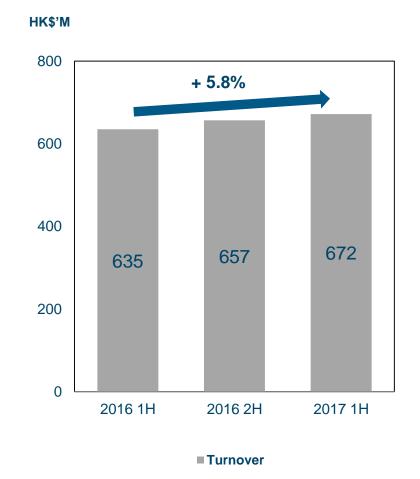


 Office portfolio turnover increased by 5.8% to HK\$672 million

(2016 1H: HK\$635 million)

- Occupancy: 94% as at 30 Jun 2017(31 Dec 2016: 96%)
- Positive rental reversion in renewals, reviews
   and new lettings across the portfolio

# Office Portfolio Turnover



#### 2017 1H Performance: Residential Portfolio



- Residential portfolio turnover decreased by 3.6% to HK\$134 million (2016 1H: HK\$139 million)
- Positive rental reversion on renewals, reviews and new lettings
- Occupancy: 84% as at 30 Jun 2017
   (31 Dec 2016: 82%)
- Vacancy largely due to a number of renovations and changes in demand by expatriates

#### Residential Portfolio Turnover



## **Indicative Cap Rates**



• No change in Cap rate from 31 Dec 2016

	30 Jun 2017	31 Dec 2016
Retail  Lee Garden One  Lee Garden Two	5.00% 5.25%	5.00% 5.25%
Office  Lee Garden One  Lee Garden Two	<b>4.25% 4.75%</b>	<b>4.25% 4.75%</b>
Residential  > Bamboo Grove	3.75%	3.75%
Property under development Lee Garden Three	4.25% - 5.00%	4.25% - 5.00%

#### **Strong Financial Position**



#### **Low Gearing**

- Total Gross Debt: HK\$6,392 million
   (31 Dec 2016: HK\$6,305 million)
- Net Debt to Equity: 4.5% (31 Dec 2016: 5.4%)

#### **Strong Credit Rating**

- Net Interest Coverage: 20.0 times
   (2016: 21.6 times)
- Moody's: A3; Standard and Poor's: BBB+

#### **Stable Debt Profile**

- Fixed Rate Debt: 72.6% of the total gross debt
  - (31 Dec 2016: 73.4% of the total gross debt)
- Average Debt Maturity: 4.8 years
   (31 Dec 2016: 4.3 years)
- Capital Market Issuance: 72.6%(31 Dec 2016: 73.4%)
- Average Cost of Finance: 3.4% (2016: 3.8%)

