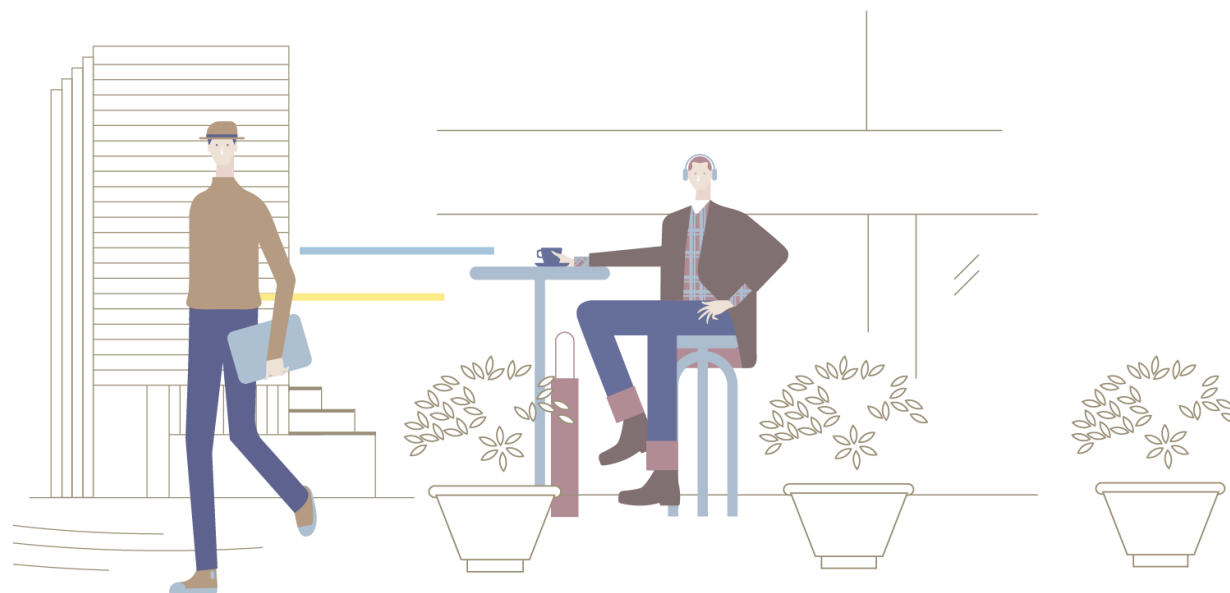
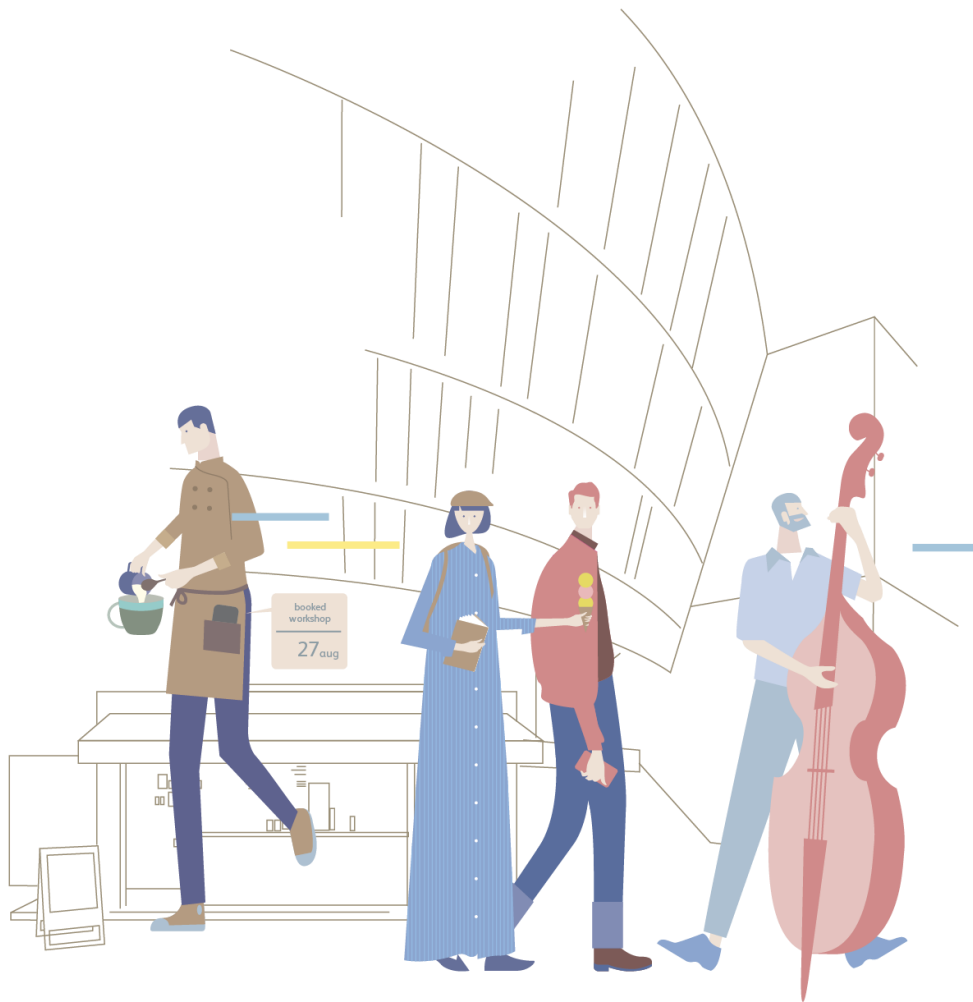


Hysan Development 2017 Annual Results Analyst Briefing

28. 2. 2018



This document has been prepared for general information purposes only, and is not, and should not be construed as an offer to sell, or a solicitation of an offer to buy any securities.

Information and estimates contained and opinions expressed herein have been compiled in good faith by Hysan Development Company Limited. No representation or warranty (whether expressed or implied) is made as to their accuracy, completeness or correctness. All information, estimates and opinions are provided without any legal liability, specifically, they are not intended to create, and should not be construed as creating, any legal relationship (whether contractual or otherwise) with you nor should they be regarded as providing you with any advice or recommendation, and are subject to changes without notice.

None of Hysan Development Company Limited or any of its subsidiaries or affiliates, or any of its or their directors, officers or any other persons, accepts any responsibility or liability whatsoever from any actions or claims arising from any use or interpretation of the information, estimates or opinions contained herein. You may not distribute, reproduce, modify or otherwise use the content of the document for any use (including public or commercial use) without the consent of Hysan Development Company Limited.

1. 2017 Highlights
2. 2018 Outlook
3. 2017 Annual Results Highlights
4. 2017 Performance By Portfolio
5. Indicative Cap Rates
6. Hysan Business Update
7. Financial Position

- Turnover increased by 0.4%; against a slight decline in Recurring Underlying Profit of 0.8%
- Reported Profit increase reflecting changes in fair value of investment properties
- Retail portfolio occupancy at 97%; Office portfolio occupancy at 96%
- Completion of Lee Garden Three further building our commitment to lifestyle and community

- Reasonable growth in 2017 global economy
- Hong Kong's economy echoed this positive sentiment
- Local retail sales saw uptick in growth
- Office leasing continued to be stable

- “Generational shift”: Millennials and Generation Z’ers are driving changes in the where, what, how and when products and services are delivered
- “Demographic change”: Mainland tourists and “New Hong Kong” residents, who came to settle in Hong Kong over the past 10 to 20 years, are mature and sophisticated spenders
- Need to cater to tourists, “New Hong Kong” residents, and the “old” Hong Kong
- Landlord has to constantly enhance retail environment and partner closely with tenants

- Technology advancements:
 - Relentless growth of e-commerce, dominance of mobile technology, prevalence of social media



Retail Changes (con't)

- Brands and retailers, as well as online operators, are making moves to address these issues
- Hysan, as a landlord mall operator, needs to re-invent and re-imagine both strategically and operationally



- Give shoppers “extra special” touch to make the shopping experience socially pleasant and interesting
- Customers now offered personalised and unique items and services
- Hysan started journey into new retail and will continuously adapt our offerings

Retail Changes (con't)

7:00am



Early workout at gym

9:00am



Heading into work

12:30pm



Hysan Place for a quick lunch

4:00pm



A quick coffee to perk up

8:00pm



Browsing in book store
before heading to a
dinner party

- “Generational changes”:
 - Incoming workforce want more fluid and mobile work style plus work in social setting
 - Co-working space is growing and Hysan is increasing its office portfolio’s co-working space exposure to over 5%
- Multinationals opting to relocate to non-Central core areas such as Causeway Bay
- But Hysan faces strong competition from other office areas on the Island and Kowloon while there is still value for money differential

- Lee Garden Three completed in December 2017
 - First office tenants moved in
 - Other multinationals from a diverse business background moving in
 - Spaces, community-based co-working brand, establishing flagship here
 - Retail podium welcomes food and beverage outlets and lifestyle shops

- Marketing's tenant collaboration received media attention, extensive footfall and healthy spending figures
 - Revamped Louis Vuitton shop
 - eslite summer programme
 - Colourful I.T. showcase
- Loyalty clubs saw significant percentage growth of membership numbers and sales

- Office

- Continue to enhance an inclusive office community that fits the needs and demands of modern-day users
- Diverse office portfolio which includes sales, banking, finance and insurance, technology, health and wellness, as well as high-end brands
- Three NGOs from different backgrounds moved into Leighton Centre, representing Hysan's continuing commitment to foster innovation and serve our community

- Continue to support brands that offer classic luxury
- But also strengthen our commitment to promote lifestyle through food and beverage, as well as health and wellness, in an environment with a strong sense of community
- This will define the new retail where emerging consumers demand quality to be expressed through sustainability, honesty and individuality

- Bring new initiatives to market with greater speed
- More digitalised and data-driven, and technology adopted at consumer level
- Maintain frequent dialogues with online retail operators and seek opportunities for partnerships
- Innovate and curate relevant content for Lee Gardens community; provide more support for Lee Gardens Association

- Trend of global economic expansion is likely to continue in 2018; Hong Kong economy also expected to continue to grow
- Lee Garden Three's completion confirms our commitment to expand our lifestyle theme and curate the contents of the Lee Gardens community

2017 Annual Results Highlights

	2017 HK\$'M	2016 HK\$'M	%
Turnover	3,548	3,535	0.4%
Recurring Underlying Profit	2,349	2,369	-0.8%
One-off early surrender compensation income (net of effect of taxation and non-controlling interests' shares)	142	-	n/m
Underlying Profit	2,491	2,369	5.1%
- Fair value gain or (loss) on investment properties located in			
· Hong Kong (net of effect of non-controlling interests' shares)	1,106	(1,157)	n/m
· Shanghai*	11	6	83.3%
· Imputed interest income on the interest-free loan to a joint venture	28	-	n/m
Reported Profit	3,636	1,218	n/m
	2017 HK\$'M	2016 HK\$'M	%
Shareholders' Funds	69,953	67,490	3.6%

* The investment properties are held by an associate of the Group.

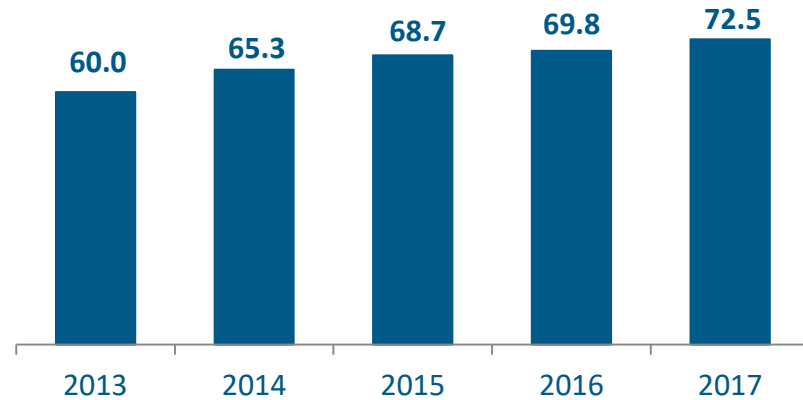
n/m: not meaningful

2017 Annual Results Highlights (con't)

Recurring rental income from high quality investment properties

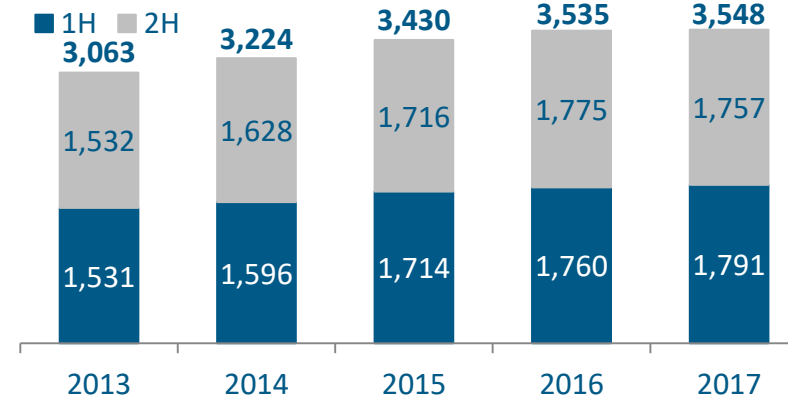
Sizeable portfolio of high quality investment properties

Book value of investment properties (HK\$'billion)



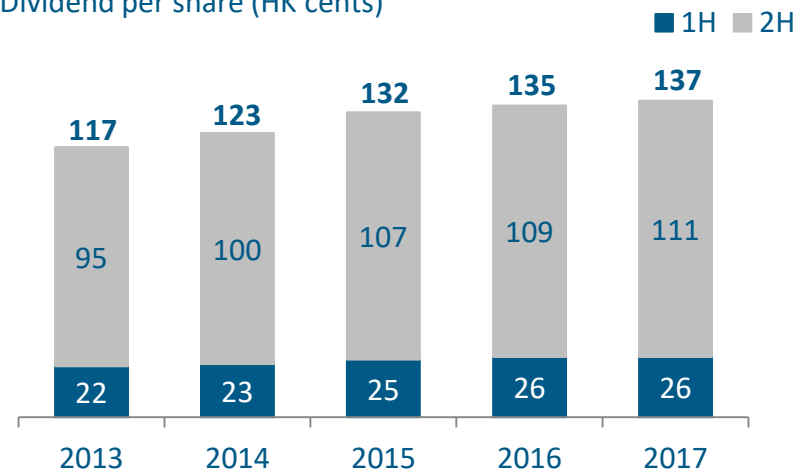
Steady turnover growth

Turnover (HK\$'million)



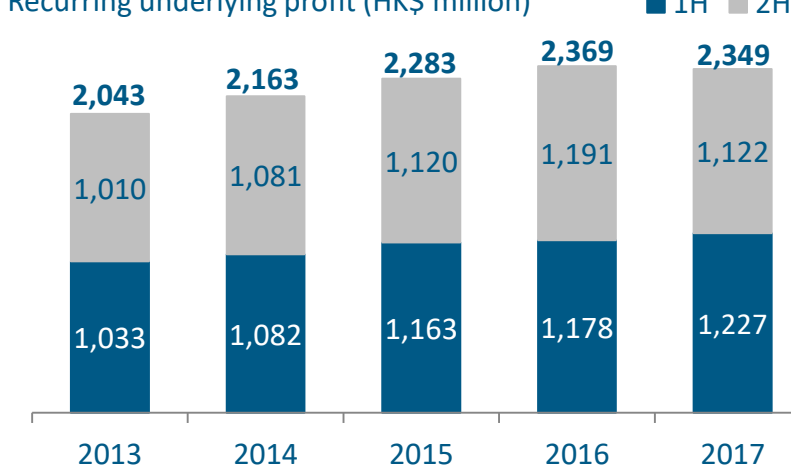
Stable return to shareholders

Dividend per share (HK cents)



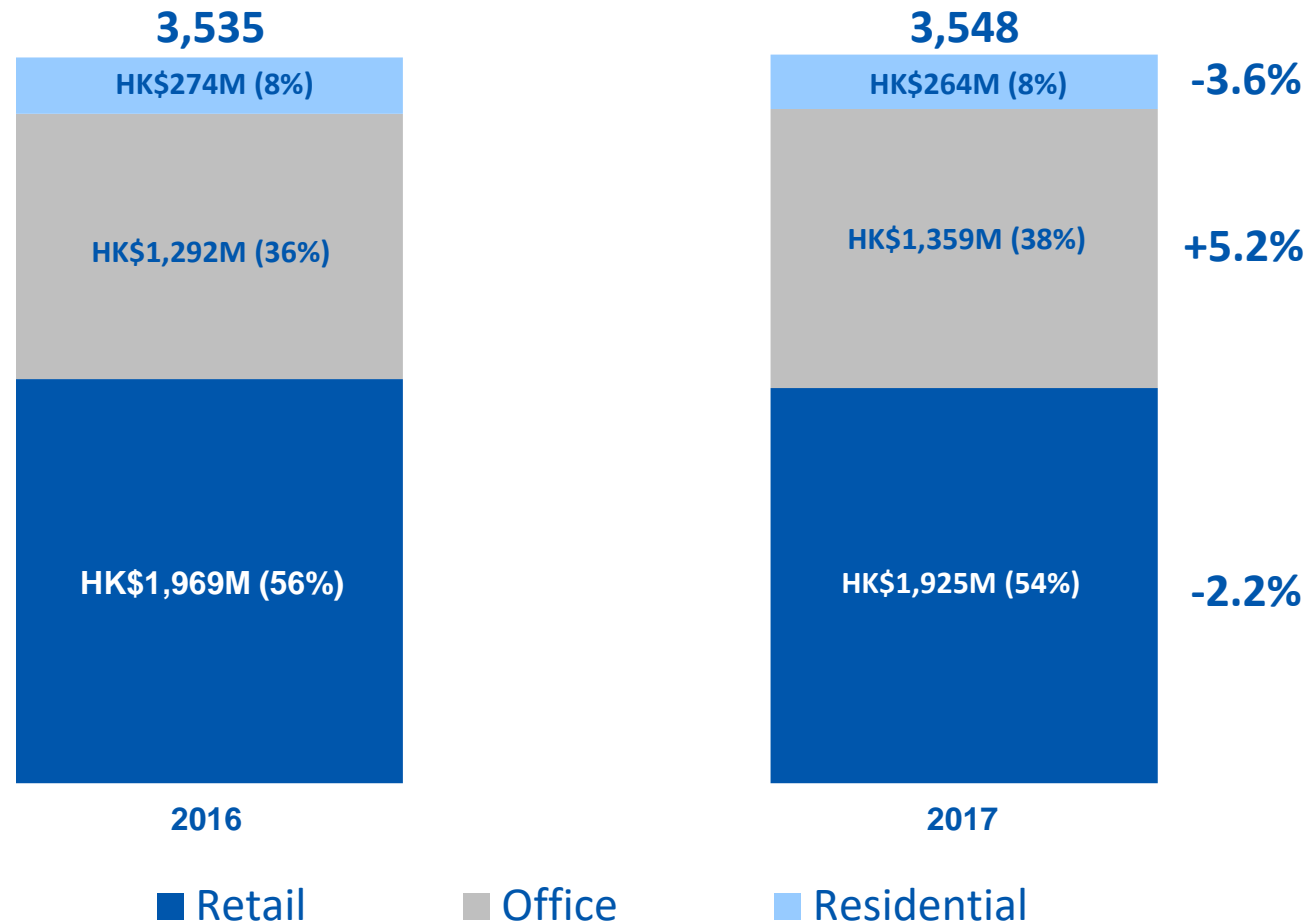
Sustained growth in recurring underlying profit

Recurring underlying profit (HK\$'million)



2017 Performance: By Portfolio

Turnover (HK\$'M)



Market overview: Hong Kong Retail Sales

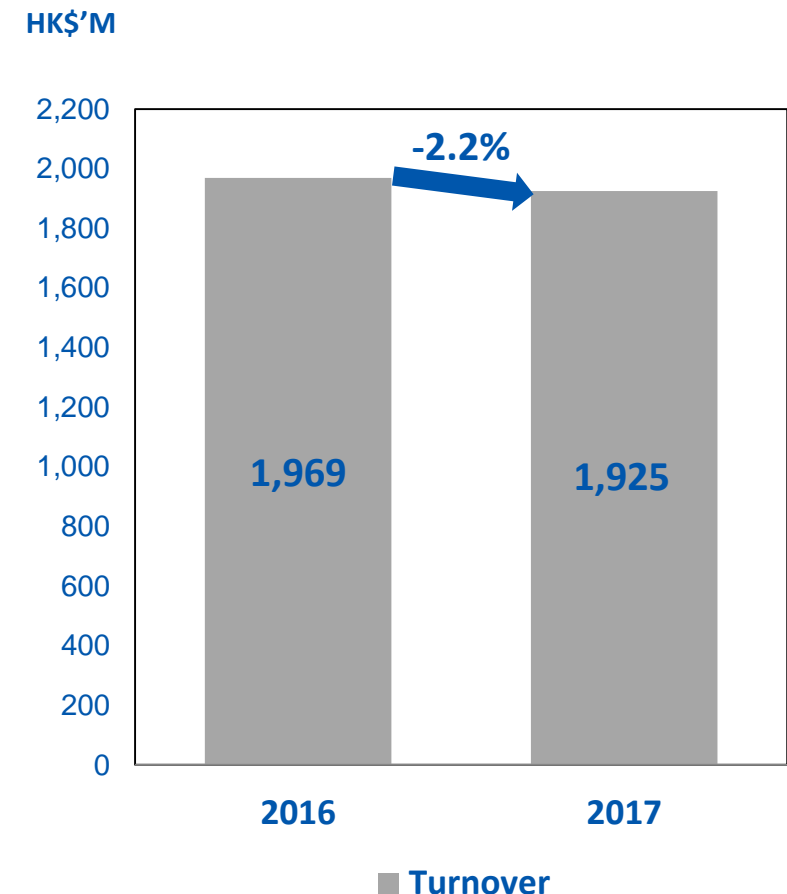
- 2017 full year: overall increase of 2.2% when compared to 2016
- Retail sales improvement reflecting an improvement in inbound tourism and resilience of local consumption demand

Type of retail outlet	Jan-Dec 2017 (YoY)
Jewellery, watches and clocks, and valuable gifts	+5.2%
Consumer durable goods	-3.1%
Food, alcoholic drinks and tobacco (other than supermarkets)	+3.2%
Clothing, footwear and allied products	+0.2%

2017 Performance: Retail Portfolio

- Retail portfolio turnover decreased by 2.2% to HK\$1,925 million (2016: HK\$1,969 million)
- Occupancy: 97% as at 31 Dec 2017 (31 Dec 2016: 99%)
- The portfolio going through a process of tenant mix adjustment:
 - In general, new lettings, renewals and reviews saw either mild positive rental reversions or were flat
 - In cases where there were tenant mix changes, with some changes in rental structure, we rely more on turnover rent

Retail Portfolio Turnover



2017 Performance: Retail Portfolio (con't)

- Total foot traffic decreased by around 5%, due to some major renovation and fit out work for new tenants
 - Improvement seen towards the end of the year
- The estimated tenant sales for 2017 saw single-digit percentage increase, when compared to 2016

2017 Performance: Retail Portfolio (con't)

- Newly joined tenants included Brunello Cucinelli, Zeiss Vision Center by Puyi Optical, Cha Ling, i.t blue block, BRICK LANE, The PHO and IPPUDO
- In early 2018, we welcome 10 Shanghai and Sushi Ta-ke

2017 Performance: Retail Portfolio (con't)

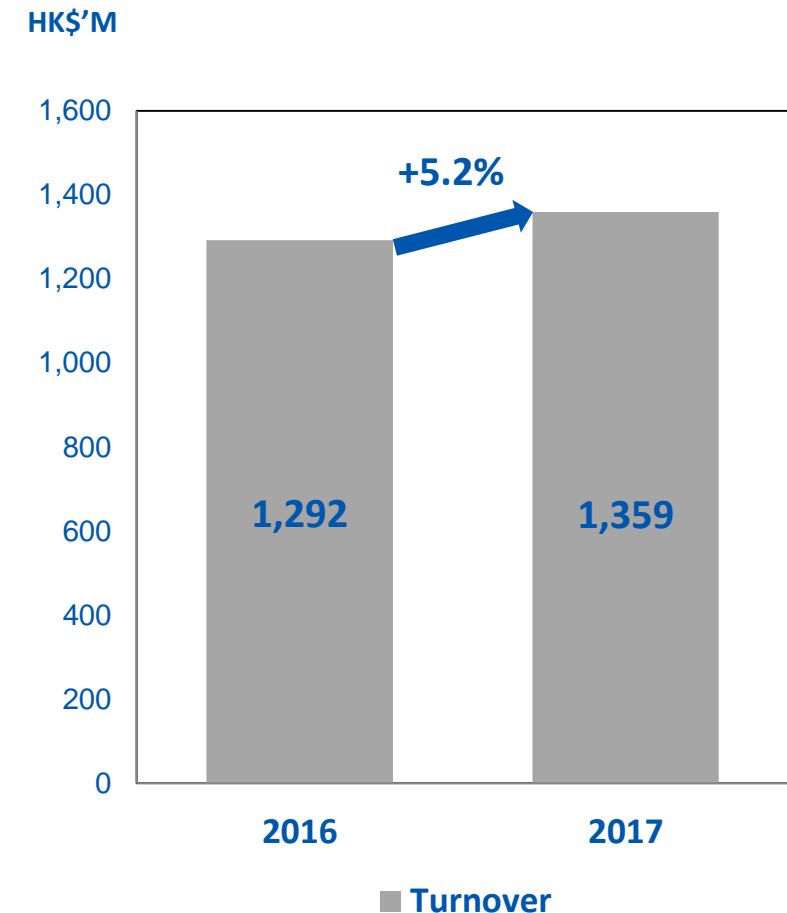
- Show-stopping events at Hysan's portfolio
- Hong Kong's most international sporting event Rugby Seven's Fan Walk attracted overseas fans and local visitors
 - Fan Walk's dining and shopping promotions brought customers and sales to Hysan's restaurants and shops
- Summer programme in cooperation with eslite and winter's Christmas markets both provided interesting contents and entertainment for shoppers
- Strong support for Arts in the Park's Night Parade which has called Lee Gardens home since 2013



2017 Performance: Office Portfolio

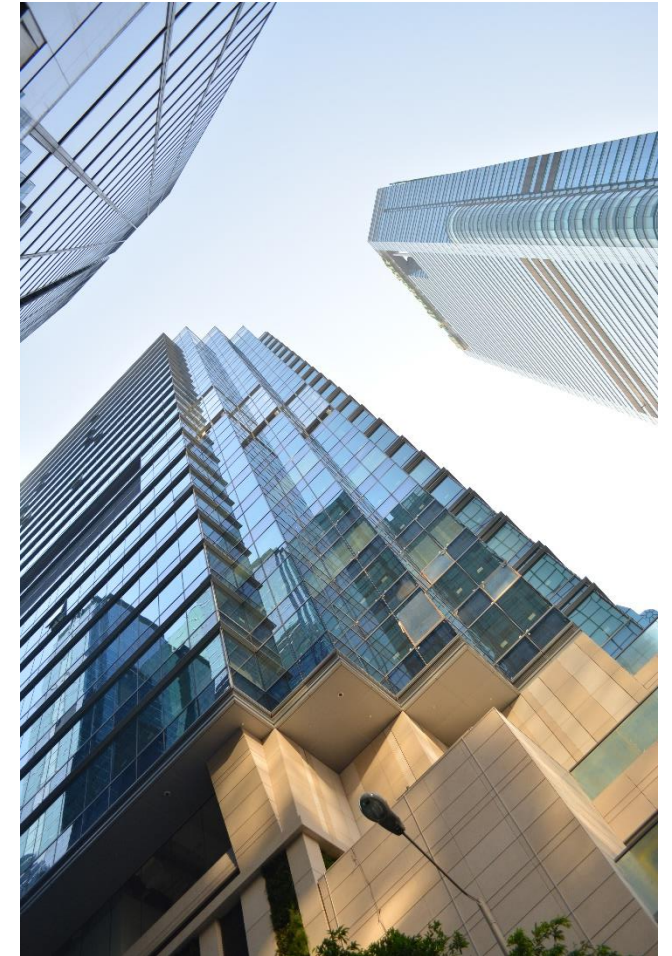
- Office portfolio turnover increased by 5.2% to HK\$1,359 million (2016: HK\$1,292 million)
- Occupancy: 96% as at 31 Dec 2017 (31 Dec 2016: 96%)
- Positive rental reversion in renewals, reviews and new lettings across the portfolio

Office Portfolio Turnover



2017 Performance: Office Portfolio (con't)

- Hysan's office space accounts for more than 50% of its overall portfolio's gross floor area
- Contributed 38% of its turnover



2017 Performance: Office Portfolio (con't)

- Causeway Bay is one of the most sought-after areas for multinational and local corporations
- Lee Garden Three pre-leasing slowed down somewhat in second half of 2017, but close to 55% of its office space committed for rental



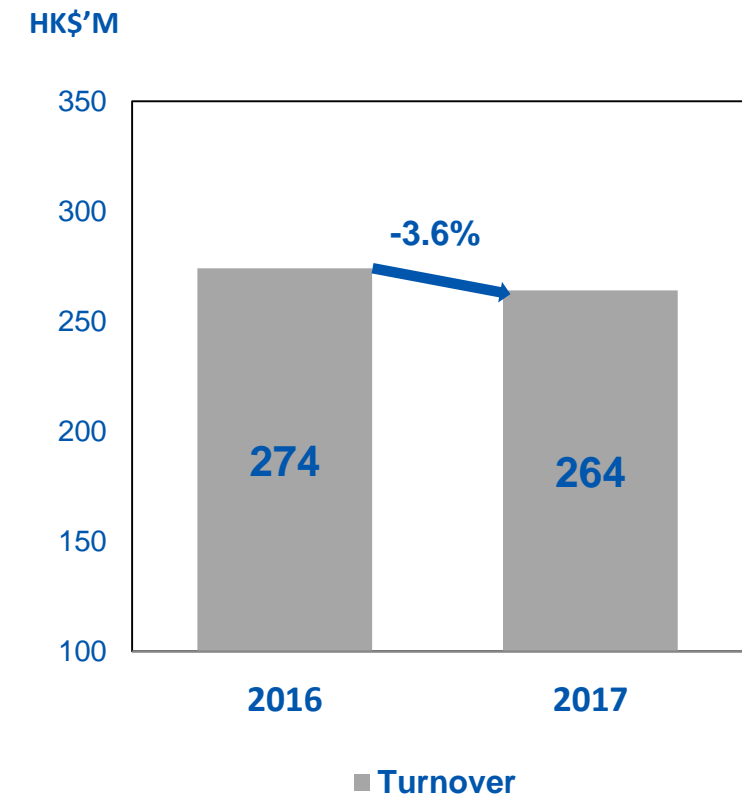
2017 Performance: Office Portfolio (con't)

- Balanced tenant mix showing the portfolio's diversity:
 - Professional and Consulting
 - Banking and Finance
 - Insurance
 - Semi-Retail
 - The four above categories representing around 50% of our office lettable floor area
- No single category took up more than 20% of total lettable area
- Co-working is a strong up-and-coming category

2017 Performance: Residential Portfolio

- Residential portfolio turnover decreased by 3.6% to HK\$264 million (2016: HK\$274 million)
- Positive rental reversion on renewals, reviews and new lettings
- Occupancy: 75% as at 31 Dec 2017 (31 Dec 2016: 82%)
- Vacancy largely due to a number of renovations and changes in demand by expatriates

Residential Portfolio Turnover



Lee Garden Three Project

- Completed in December 2017
- Promotes environmental friendliness and work-life balance
- Roof Top Garden and a Sky Garden with a 100 metre long running track



- Design development in good progress, statutory submissions ongoing
- Site formation and foundation works will start in Q2 2018

Indicative Cap Rates

- No change in Cap rate from 31 Dec 2016

	31 Dec 2017	31 Dec 2016
Retail		
• Lee Garden One	5.00%	5.00%
• Lee Garden Two	5.25%	5.25%
• Lee Garden Three	5.00%	-
Office		
• Lee Garden One	4.25%	4.25%
• Lee Garden Two	4.75%	4.75%
• Lee Garden Three	4.25%	-
Residential		
• Bamboo Grove	3.75%	3.75%
Property under redevelopment		
• Lee Garden Three	-	4.25% - 5.00%

Low Gearing

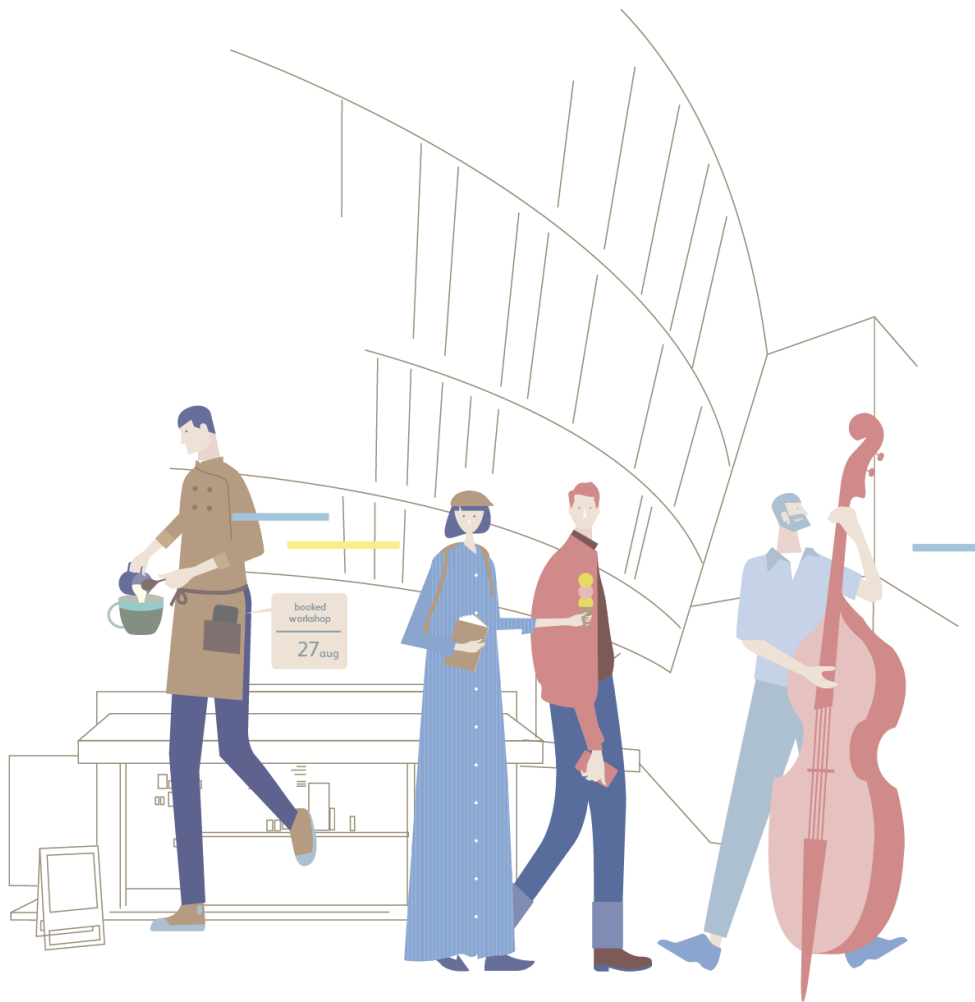
- Total Gross Debt: HK\$6,176 million
(31 Dec 2016: HK\$6,305 million)
- Net Debt to Equity: 5.0%
(31 Dec 2016: 5.4%)

Strong Credit Rating

- Net Interest Coverage: 17.1 times
(2016: 20.5 times)
- Moody's: A3; Standard and Poor's: BBB+

Stable Debt Profile

- Fixed Rate Debt: 74.9% of the total gross debt
(31 Dec 2016: 73.4% of the total gross debt)
- Average Debt Maturity: 4.3 years
(31 Dec 2016: 4.3 years)
- Capital Market Issuance: 74.9%
(31 Dec 2016: 73.4%)
- Average Cost of Finance: 3.4% (2016: 3.8%)



Thank you

