

Hysan Development 2020 Interim Results Press Conference

10 August, 2020

 **Hysan** 希慎



Remarks by

Ms. Irene Yun Lien LEE
Chairman

A Difficult Environment

10 August, 2020 | Page 3

- COVID-19 in 1H 2020 brought many aspects of Hong Kong to a halt
- The city already suffered many months of social unrest in 2H 2019
- Macro situation exacerbated by the intensifying tension between China and US and its allies
- Hong Kong retail sales dropped 33% in 1H 2020 when compared to the year before
- Office sector saw a negative net absorption of over 1.4 million square feet office space in HK in the first half of 2020



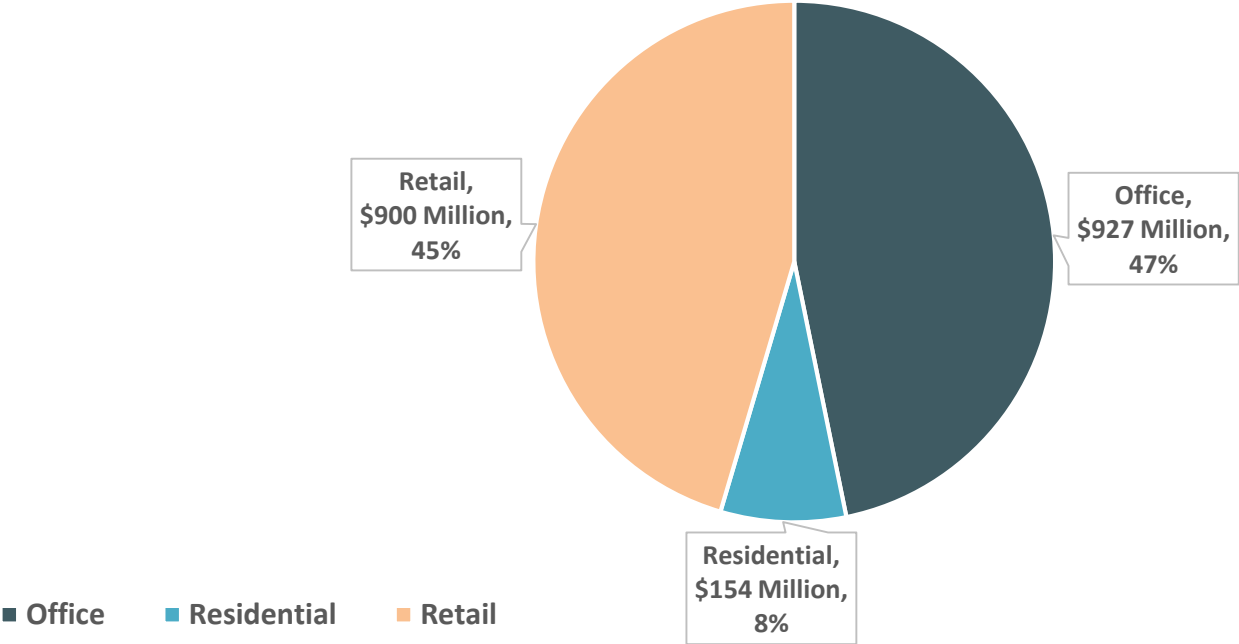
2020 Hysan's Interim Results Highlights

10 August, 2020 | Page 4

- Hysan's Turnover and Recurring Underlying Profit decreased by 5.0% and 3.4% respectively
- Hysan's balanced dual-engine portfolio helps the Company remain resilient in the face of both expected and unexpected impacts
- Occupancies of Office and Retail portfolios were 96% and 94% respectively



Turnover Contribution



Changes to Office Sector

10 August, 2020 | Page 6

- COVID-19 introduced changes to usage of office space
 - Hybrid models with flexi-hours and locations, plus more work-from-home
 - But physical office is here to stay
 - Physical office to function as gathering place for interaction
 - New office designs to emphasize health and wellness



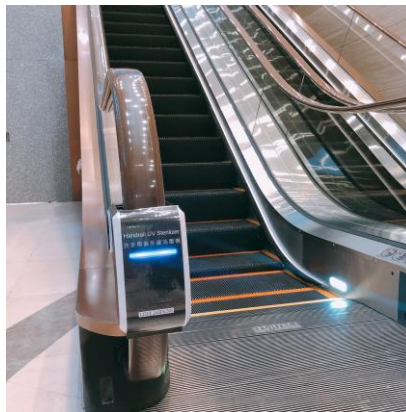
- Pandemic accelerated retail sector changes globally and in Hong Kong
 - Online disruption: e-commerce 's growth, e.g. F&B “click and deliver”
 - Supply chain disruption: halted production and delayed shipment
 - Travelling/Tourism disruption: little travelling and virtually no tourist spending in past 6 months
 - Demographic disruption: Gen Y and Z turn further to sustainability-minded items
- Technology enhancement continuing: e.g. artificial intelligence, virtual reality



How Hysan is Responding to the Challenges

10 August, 2020 | Page 8

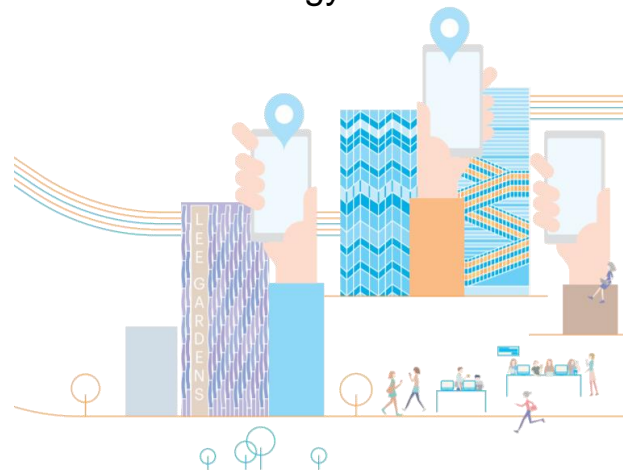
- As COVID-19 emerged, Hysan put in place appropriate protective measures immediately and comprehensively
- Maintained clear communications with tenant to provide flexible and multi-faceted solutions ranging from rental assistance to marketing support



How Hysan is Responding to the Challenges (con't)

10 August, 2020 | Page 9

- Longer term:
 - Hysan has curated a dynamic and unique tenant mix, e.g. more banking and finance tenants, growth of flex space, retail's luxury lifestyle concept
 - Supplemented by a rich programme of activities and events to build a community with a sense of belonging
 - Further supported by our investment and application of business technology and customer relationship management



- Plenty of unknowns with pandemic conditions and macro-economic and geopolitical issues affecting Hong Kong's outlook in 2H 2020
- Many factors are changing our lives at a faster-than-anticipated pace
- Our dynamic and balanced portfolio, supported by a strong financial position and ample liquidity, as well as our strategy to take the long-term view, should provide resilience against crisis and form an essential foundation to realise Hysan's ambitions



Presentation by

Mr. Roger HAO
Chief Financial Officer

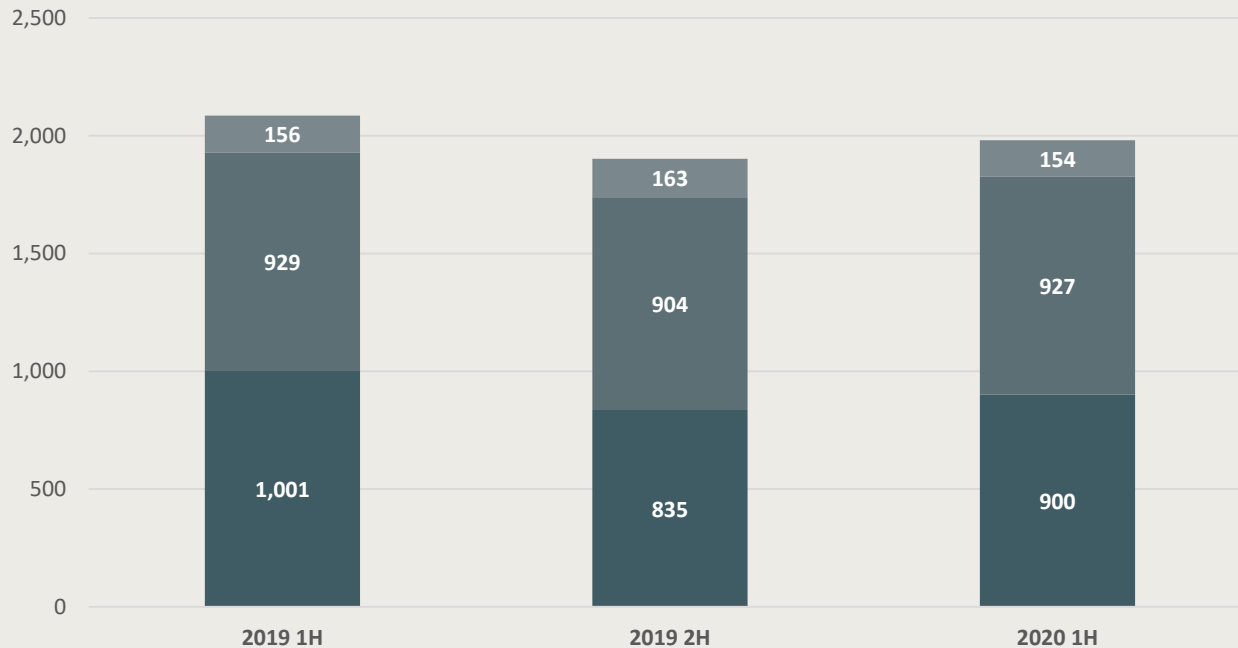
1H 2020 Results Highlights

	2020 1H HK\$'M	2019 1H HK\$'M	%
Turnover	1,981	2,086	-5.0%
Recurring Underlying Profit	1,346	1,394	-3.4%
Underlying Profit	1,346	1,394	-3.4%
- Fair value gain on investment properties located in			
· Hong Kong	(3,871)	1,318	
· Shanghai*	(19)	45	
- Imputed interest income on the interest-free loan to a joint venture	15	15	
- Other gains and losses	(8)	11	
- Profit attributable to perpetual capital securities holders	(89)	-	
Reported Profit	(2,626)	2,783	n/m
Shareholders' Funds	73,696	77,650	-5.1%

1H 2020 Performance: By Portfolio

10 August, 2020 | Page 13

Turnover (HK\$'M)



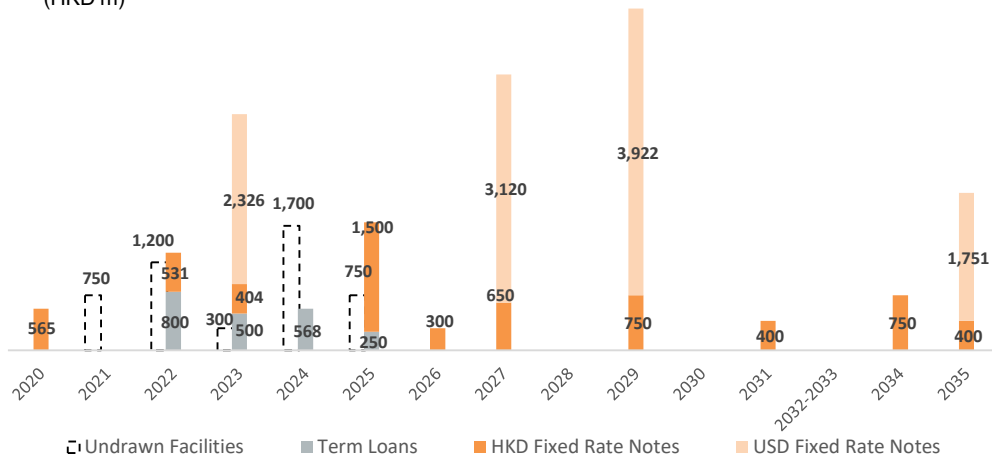
■ Retail ■ Office ■ Residential

Strong Financial Position & Ample Liquidity

10 August, 2020 | Page 14

Debt Maturity Profile as at 30 June 2020

(HKD'm)



Debt Profile Highlight

Gearing Ratio

Net Cash

Fixed : Floating

89% : 11%

Average Debt Maturity

7.2 years

Effective Interest Rate

3.1%

Credit Ratings

Moody's

A3 / Stable

Fitch

A- / Stable

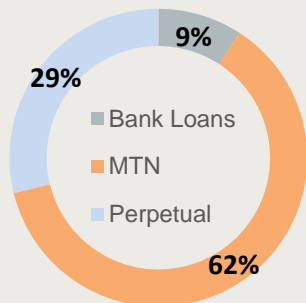
Diversified funding sources

Public Issuance in 1H 2020

Jun 2020 – USD400m 7-Year Senior Notes at 2.875%
Mar 2020 – USD850m Sub Perp at 4.1%

Undrawn Committed Facilities

HKD 4.7b



Presentation by

Mr. Ricky LUI

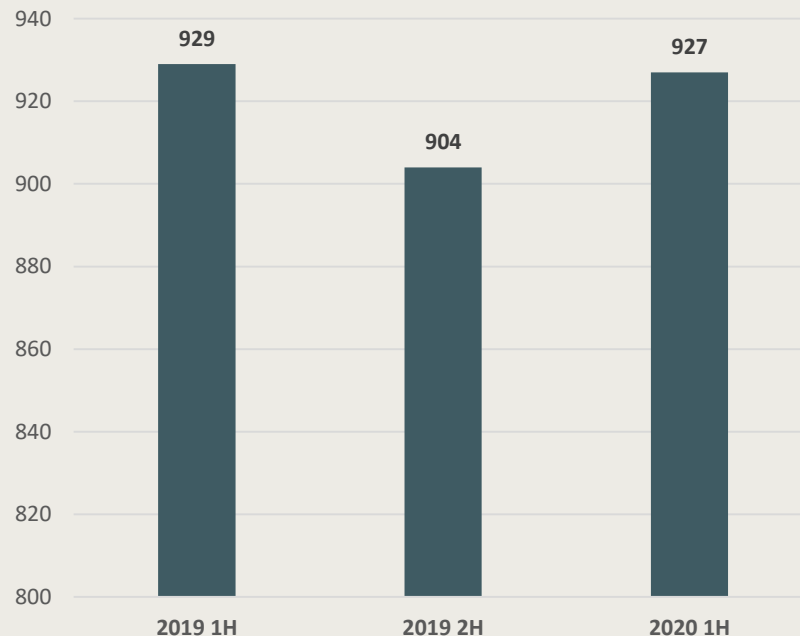
Chief Operating Officer

1H 2020 Performance: Office Portfolio

10 August, 2020 | Page 16

- Office portfolio turnover declined slightly by 0.2% to HK\$927 million
- Occupancy: 96% as at 30 June 2020
- Continued to achieve an overall positive rental reversion on renewals, rent review and new lettings

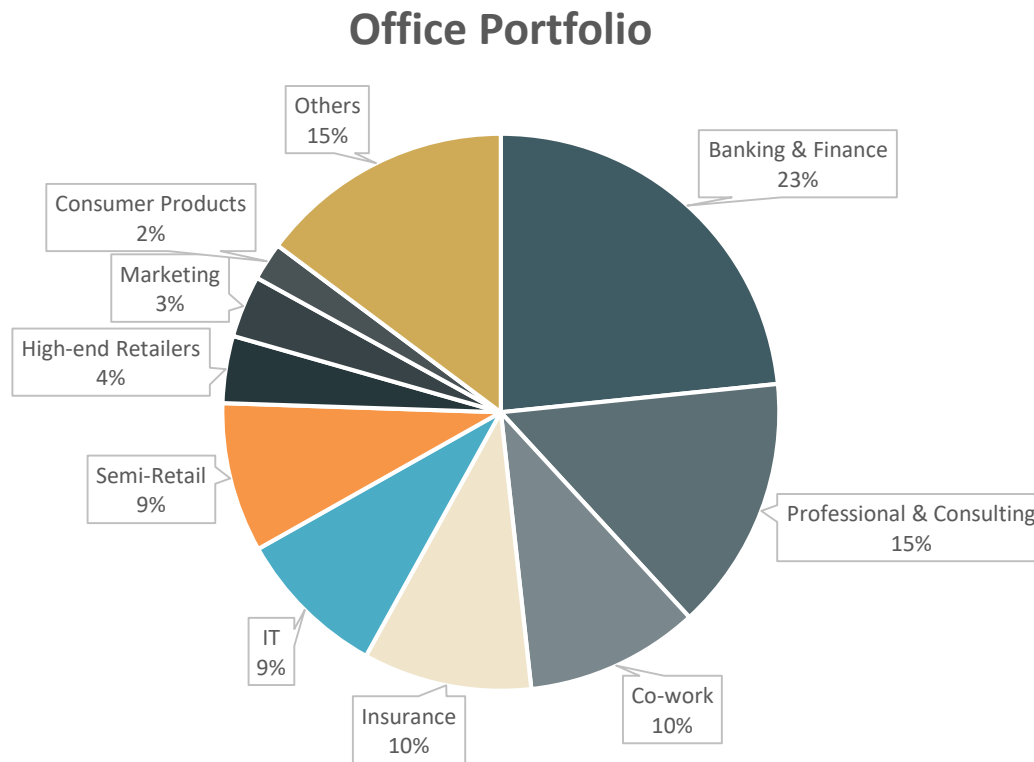
Office Portfolio Turnover (HK\$'M)



1H 2020 Performance: Office Portfolio (con't)

10 August, 2020 | Page 17

- Balanced portfolio with different industries represented

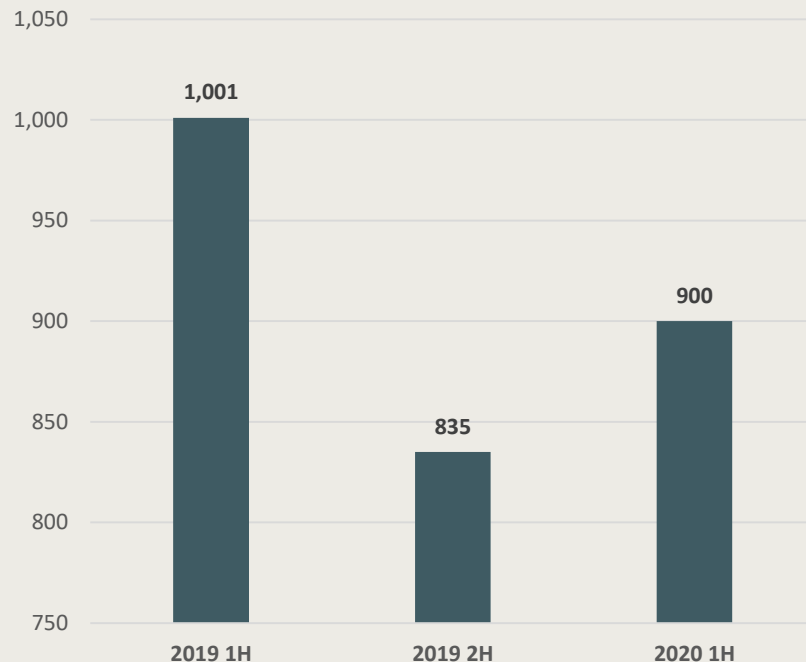


1H 2020 Performance: Retail Portfolio

10 August, 2020 | Page 18

- Retail portfolio turnover was HK\$900 million, down by 10% from same period in 2019
- Contribution from turnover rent of HK\$20 million
- Occupancy: 94% as at 30 June 2020
- Overall rental reversion in renewals, rent review and new lettings became negative in 1H 2020

Retail Portfolio Turnover (HK\$'M)



1H 2020 Performance: Retail Portfolio (con't)

10 August, 2020 | Page 19

- Pandemic effects apparent from February onwards
- Damaging effects compounded by disruptions from social events
- Hysan's estimated sales in most categories largely on par with overall Hong Kong sales performances

Hong Kong & Hysan Tenant Retail Sales (Jan-Jun 2020, YoY)

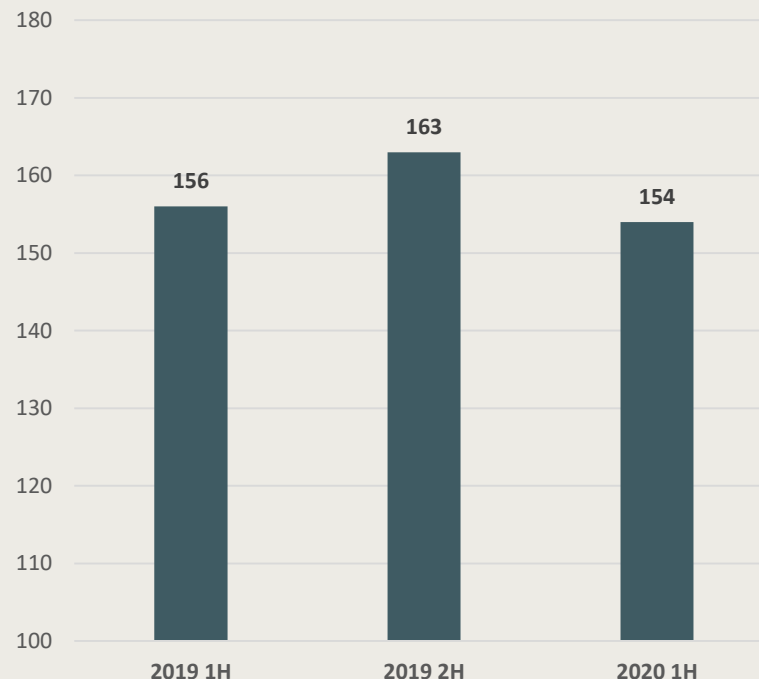
Type of retail outlet	Hong Kong	Hysan (estimated)
Clothing, footwear and allied products	-50.8%	-41.4%
Food & Beverages	-28.7%	-35.9%
Jewellery, watches and clocks, and valuable gifts	-65.5%	-65.0%
Medicines & cosmetics	-54.7%	-81.3%
Supermarket	+10.6%	+8.0%

1H 2020 Performance: Residential Portfolio

10 August, 2020 | Page 20

- Residential portfolio turnover saw a slight decline of 1% to \$154 million
- Positive rental reversion on renewals, rent review and new lettings
- Occupancy: 83% as at 30 June 2020
- Renovation work to enhance the quality of a number of units ongoing, and the lift modernization programme will be completed in Q4 2020

Residential Portfolio Turnover (HK\$'M)



Tai Po Luxury Residential Project

10 August, 2020 | Page 21

- Major interior designs and visual mock-ups completed
- Superstructure works in progress
- Target completion date of construction is 2H 2021 subject to government approval



Business Technology in Application

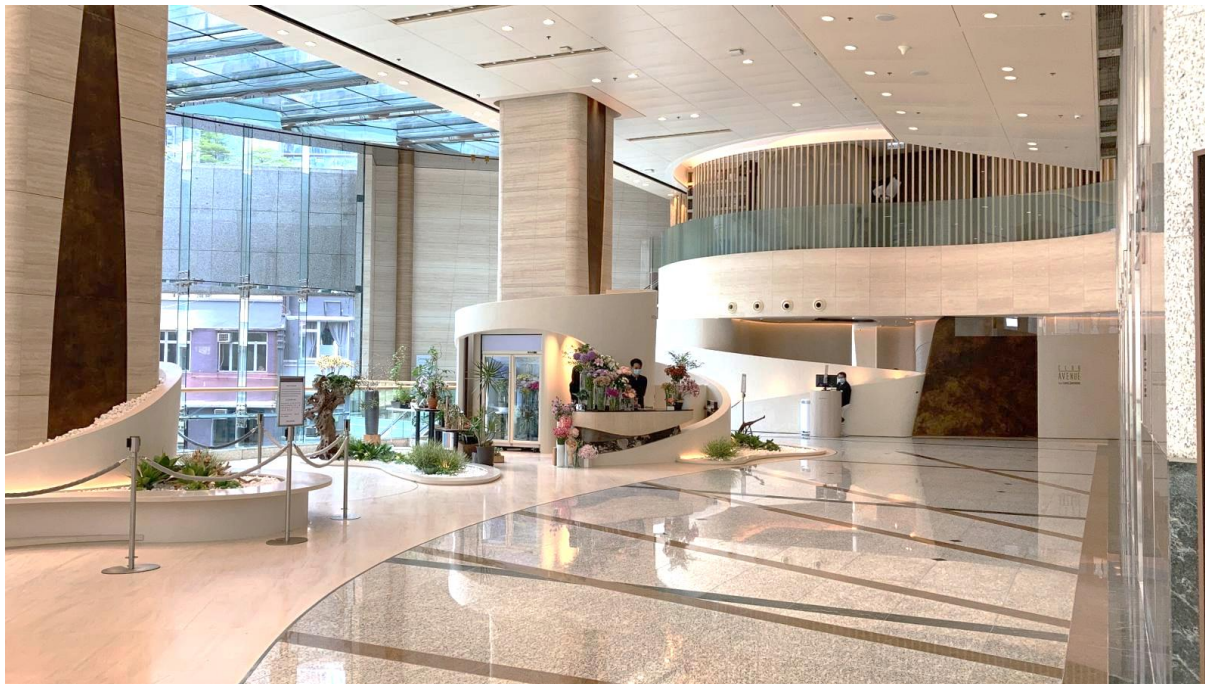
10 August, 2020 | Page 22

- Work, learn and dine at home become new normal
- Invested strategically into business technology
 - Online/offline spending stimulus campaign “Power Up”
 - Fully integrated digital Lee Gardens App with e-recruitment, e-payment, e-redemption providing easy one-stop platform
 - Used data analytics on real time basis throughout the campaign to fine tune
 - More than 40,000 transactions
- Food and beverage online ordering and delivery services
- More digitalization and online classes at Kids Club
- Area Wifi and IoT gave further insight into visitors’ demographics and traffic patterns



New Club Avenue Lounge and Garden Area

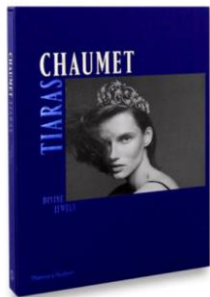
10 August, 2020 | Page 23



Club Avenue new lounge and Garden at Lee Garden One

Marketing events collaborated closely with tenants

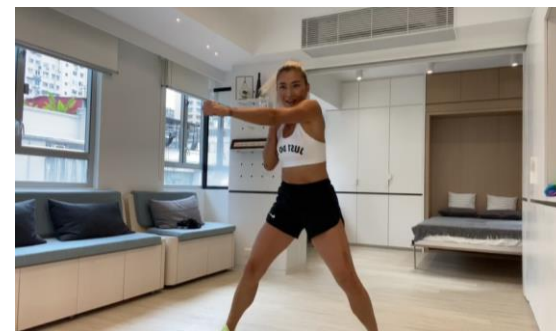
10 August, 2020 | Page 24



Sustainability Including Community Activities

10 August, 2020 | Page 25

- Health, wellness and safety all top-of-mind issues
- Provided safe environment for stakeholders
- Ensured work-from-home arrangements for staff
- Supported and sponsored online health and wellness activities
- Created uplifting designs through our art programme



Thank you

Hysan Development 2020 Interim Results Press Conference

10 August, 2020

 **Hysan** 希慎

