

Hysan Development 2020 Annual Results Analyst Briefing



25 February 2021



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- 2020 was a most difficult year for Hong Kong and for the rest of the world
- As we enter the second month of 2021, still little clarity on the future



- We have seen signs of change as people's habits and preferences evolve with generational shift: baby boomers, followed by Gen X, Y, Z
- With rapid advancement and adoption of technology, adding shorter-term shocks of trade war, COVID-19 and social unrest just accelerated this pace of change



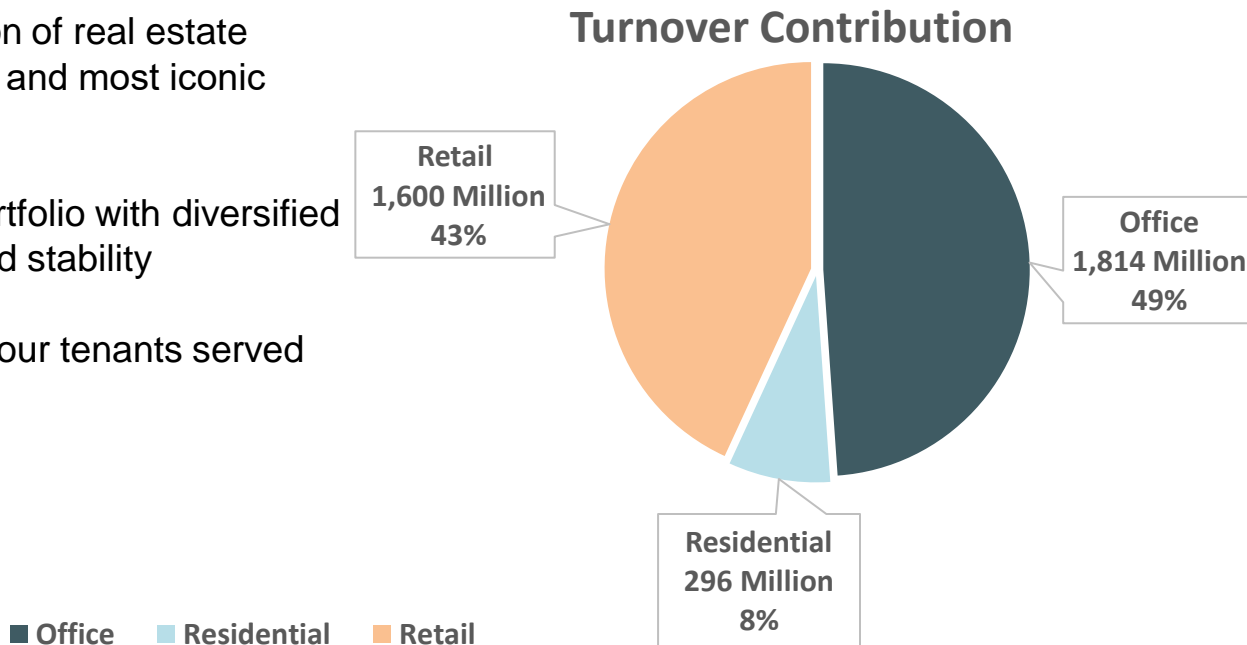
2020 Hysan's Annual Results Highlights

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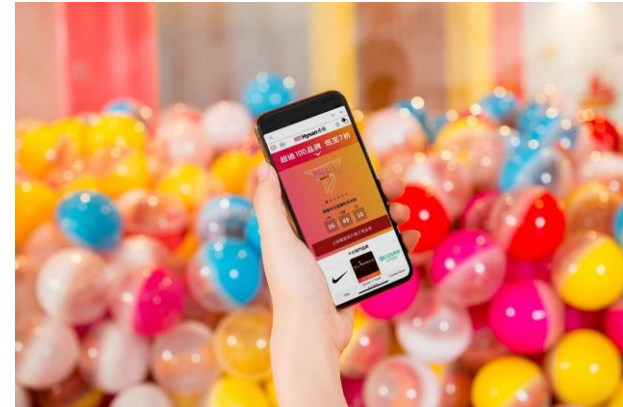
- Resilience and strength in the face of adversity
- In 2020, Hysan's Turnover and Recurring Underlying Profit decreased y-o-y by 7.0% and 7.3% respectively
- Occupancies of Office and Retail portfolios were 95% and 96% respectively



- Hysan has premium collection of real estate concentrated in HK's busiest and most iconic area
- Balanced office and retail portfolio with diversified group of tenants: balance and stability
- Long-term partnerships with our tenants served us well in adverse times



- Destination of choice
- Visitors to form life-long and multi-generational habit of visiting Lee Gardens
- Community curation is key
- Technology: use IoT to understand what customers want
- Increase use of digital and robotics services to improve efficiency and remove pain points



Structural Changes

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- Notable structural changes leading to “new normal” in office and retail sectors in recent years...dynamic and changing
- Office
 - ❖ Flexibility
 - ❖ Mobility
 - ❖ Access to off-site work
 - ❖ Work-life balance
- Retail
 - ❖ Consumers willing to pay for experience
 - Dining
 - Lifestyle
 - Home improvement purchases
 - ❖ Adoption of online commerce



What makes Hysan stand out

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- New Normal → New Behaviour → New Economy
- Community Model
 - ❖ Organic
 - ❖ Dynamic
 - ❖ Constantly evolving
 - ❖ Experience & fulfillment
- Operational Expertise
 - ❖ Sustainability
 - ❖ Use of technology



Beyond Causeway Bay

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- Continue to invest, strengthen and grow our core in Causeway Bay
- With a strong balance sheet and a unique Lee Gardens community model, we have the capacity to pursue opportunities outside of Hong Kong



- A great deal depends on COVID-19 coming under control globally
- The world economy will continue to have ample liquidity, providing stimulus in a low interest rate environment
- Governments will restart the economies, but the first step is to contain COVID-19
- At Hysan, we will do our best to look after our staff and motivate them, inject new ideas and create community projects, and protect and enhance our assets

2020 Annual Results Highlights

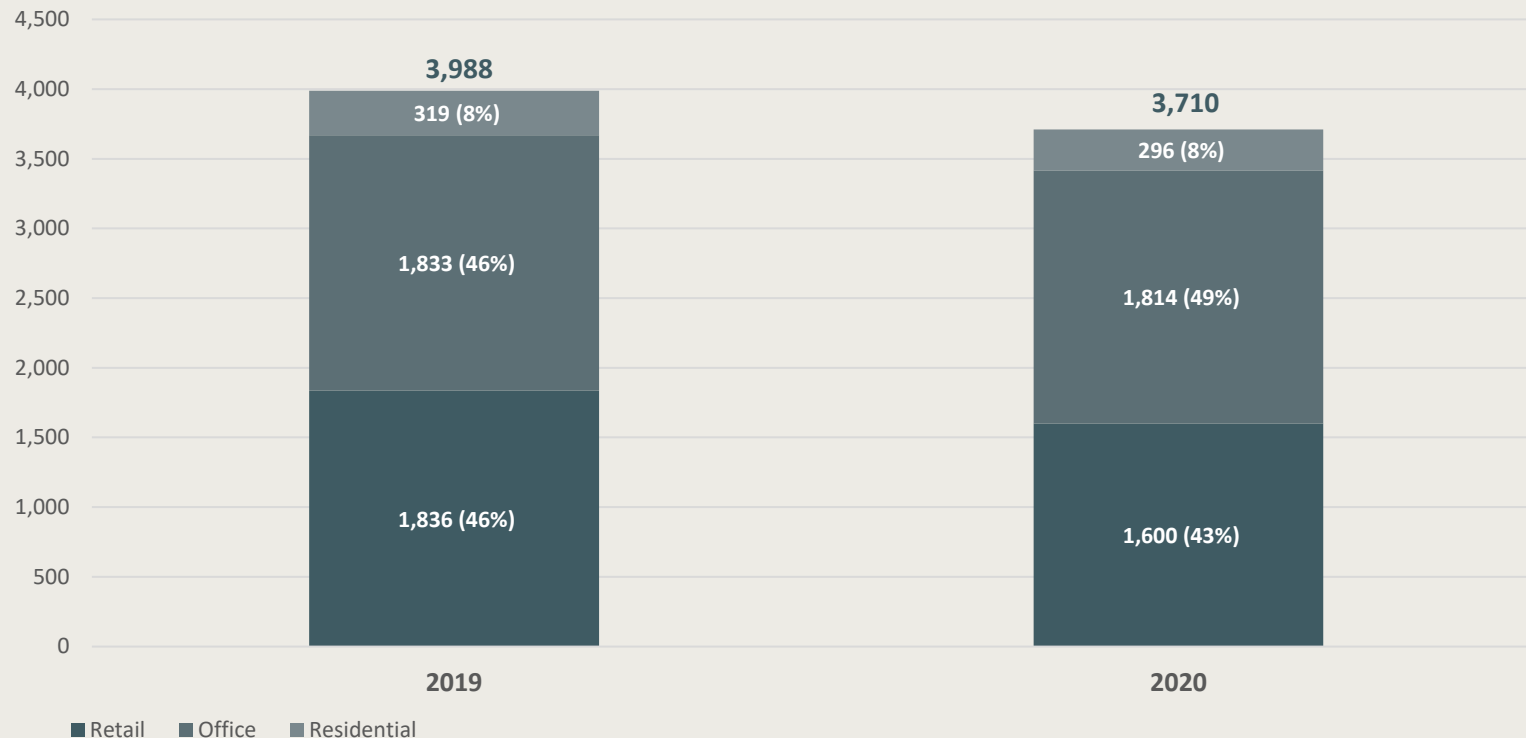
	2020 HK\$'M	2019 HK\$'M	%
Turnover	3,710	3,988	-7.0%
Recurring Underlying Profit	2,398	2,587	-7.3%
Underlying Profit	2,398	2,587	-7.3%
- Fair value (loss) gain on investment properties located in			
· Hong Kong	(4,680)	690	
· Shanghai*	(12)	1,528	
- Imputed interest income on the interest-free loan to a joint venture	30	30	
- Other gains and losses	5	10	
- Profit attributable to perpetual capital securities holders	(288)	-	
Reported (Loss) Profit	(2,547)	4,845	n/m
Shareholders' Funds	73,680	77,650	-5.1%

* The investment properties are held by an associate of the Group
n/m: not meaningful

2020 Annual Performance: By Portfolio

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Turnover (HK\$'M)

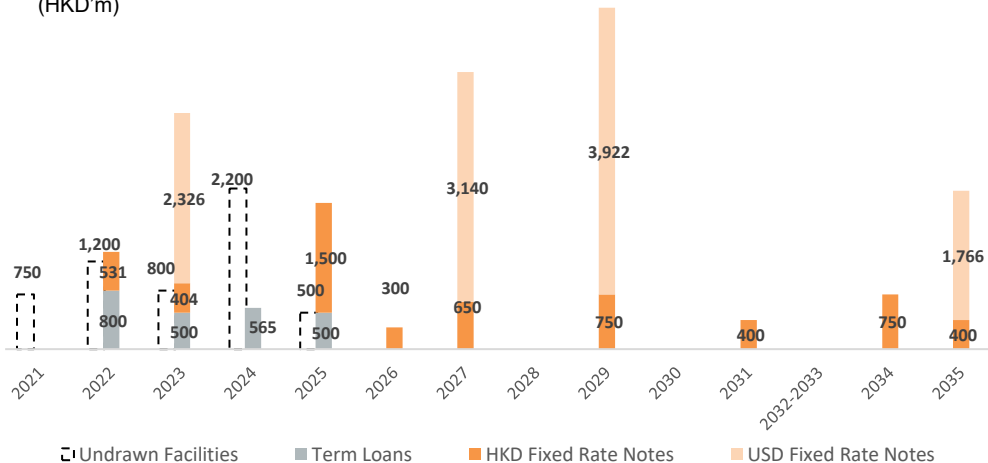


Strong Financial Position & Ample Liquidity

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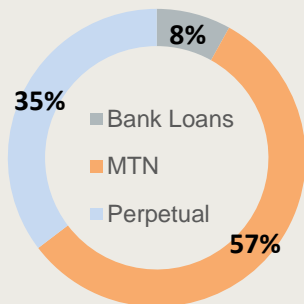
Debt Maturity Profile as at 31 Dec 2020

(HKD'm)



Debt Profile Highlight

Gearing Ratio	Average Debt Maturity
Net Cash	6.8 years
Fixed : Floating	Effective Interest Rate
88% : 12%	3.0%



Diversified funding sources

Public Issuance in FY 2020

Sep 2020 – USD500m Fixed-for-life Perp at 4.85%
 Jun 2020 – USD400m 7-Year Senior Notes at 2.875%
 Mar 2020 – USD850m Sub Perp at 4.1%

Undrawn Committed Facilities

HKD 5,450m

Credit Ratings

Moody's	Fitch
A3 / Stable	A- / Stable

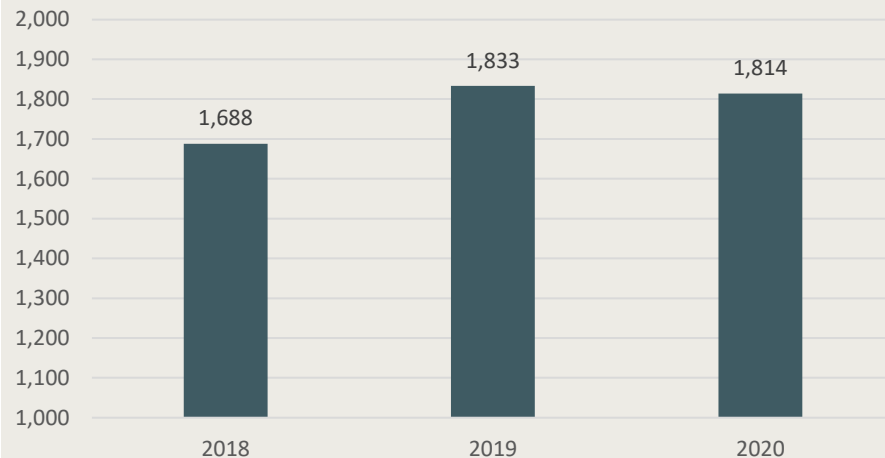
Indicative Cap Rates

	31 Dec 2020	31 Dec 2019
Retail	5.25% - 5.50%	5% - 5.25%
Office	4.25% - 5%	4.25% - 5%
Residential	3.75%	3.75%

2020 Performance: Office Portfolio

- Office portfolio turnover declined slightly by 1.0% to HK\$1,814 million
- Occupancy: 95% as at 31 December 2020
- COVID-19 adversely affected HK's office rental market with negative net absorption standing at over 2.7 million square feet at the end of 2020
- Hysan maintained overall positive rental reversion on renewals, rent review and new lettings, but narrowing as compared to 2019

Office Portfolio Turnover (HK\$'M)

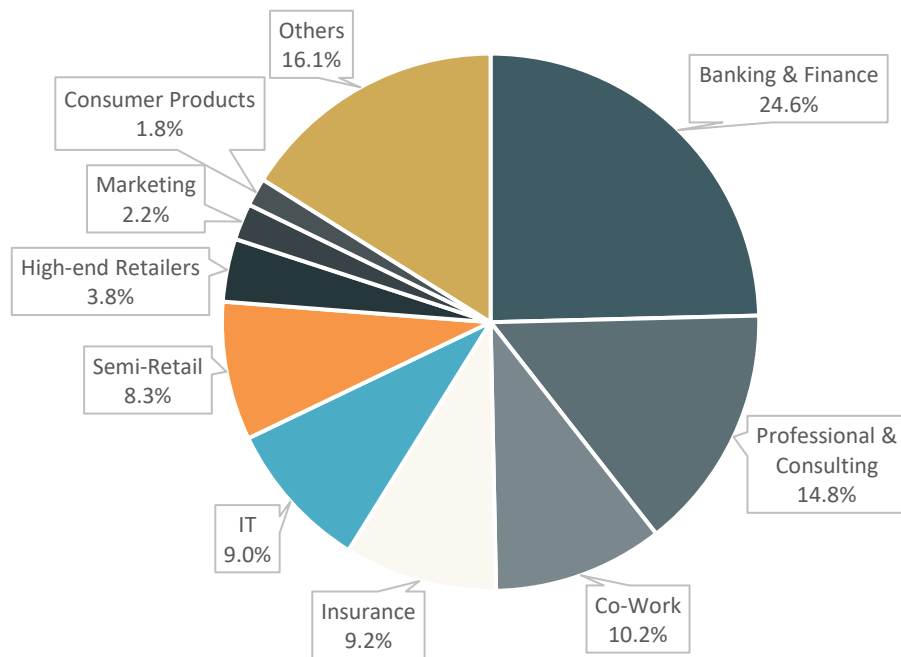


2020 Annual Performance: Office Portfolio (con't)

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- Balanced portfolio with different industries represented
- Demand from “new economy”: Lee Gardens a preferred location for new economy and personal services

Office Portfolio

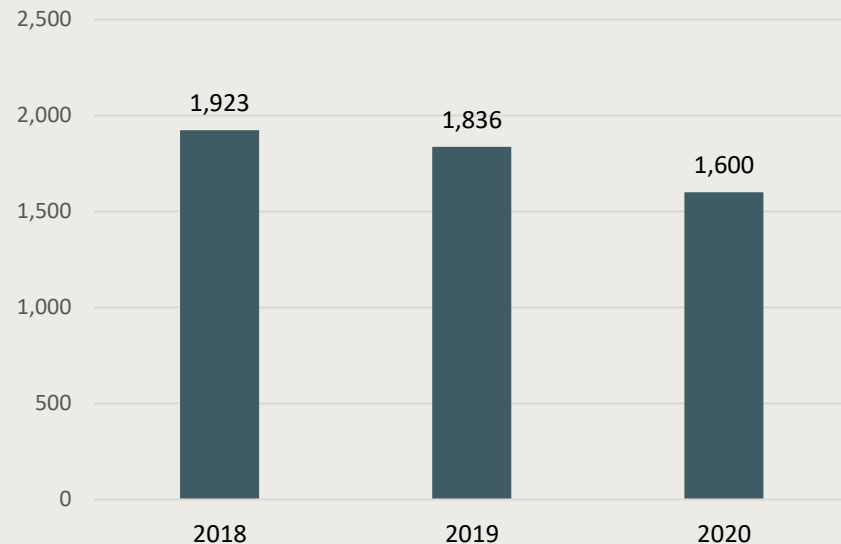


2020 Performance: Retail Portfolio

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- Retail turnover was HK\$1,600 million, down by 12.9% from 2019
- Occupancy: 96% as at 31 December 2020
- Overall rental reversion in renewals, rent review and new lettings was negative in 2020

Retail Portfolio Turnover (HK\$'M)



2020 Performance: Retail Portfolio (con't)

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- Recurring waves of COVID-19 caused significant disruption to HK's retail sector
- Those traditionally benefit from overseas and mainland visitors suffered the most
- Hysan's estimated sales in most categories largely on par with overall HK sales performances

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

Type of retail outlet	Hong Kong	Hysan (estimated)
Clothing, footwear and allied products	-41.1%	-27.7%
Food & Beverages	-29.4%	-29.9%
Jewellery, watches and clocks, and valuable gifts	-54.0%	-49.7%
Medicines & cosmetics	-50.0%	-71.8%
Supermarket	+9.7%	+13.3%

2020 Performance: Retail Portfolio (con't)

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- Offered multi-faceted support from rental assistance to marketing collaboration with our tenants
- Used digital technology to swiftly expand our online sales channel in response to the COVID disruptions
- “Power Up” and other e-Shop campaigns generated encouraging sales for our tenants
- Leveraged on our strong loyalty clubs Club Avenue and Lee Gardens Club and offered attractive incentive programmes

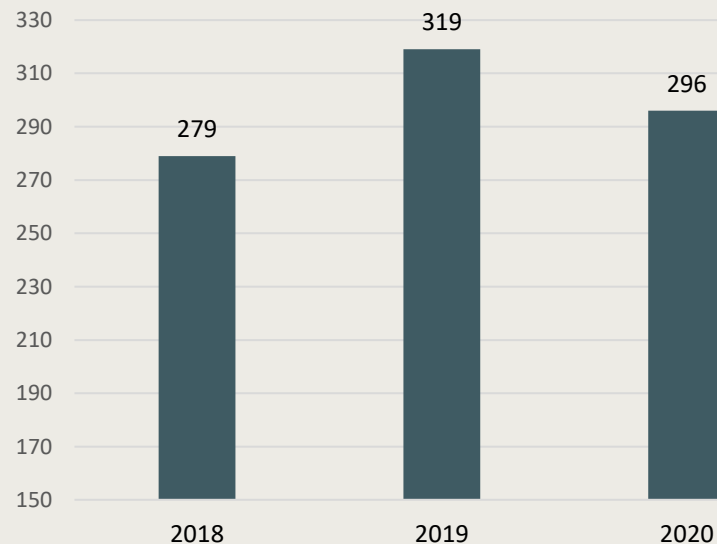


2020 Performance: Residential Portfolio

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- Residential portfolio turnover saw a decline of 7.2% to HK\$296 million
- Overall rental reversion was flat
- Occupancy: 74% as at 31 December 2020
- High-end residential rental market negatively impacted by relocation and a sharp decline in incoming expatriate workers due to the tough economic situation
- We have been focusing on retaining our tenants through enhancing service and the environment, plus a tenant referral incentive scheme

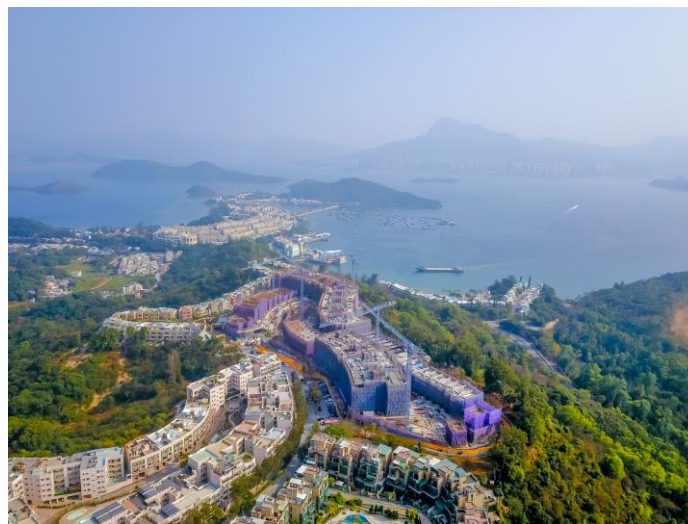
Residential Portfolio Turnover (HK\$'M)



Tai Po Luxury Residential Project

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- Targeted completion date by the end of 2021 or early 2022
- Sales strategy being developed based on a sales launch by the end of 2021 or early 2022



Sustainability and Community

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- Health, wellness and safety top priority during COVID-19 days
- Hysan responded quickly with virus-prevention measures in place
- Constantly upgrading hygienic and preventive means to avert possible outbreaks
- Times challenging for community events. We still launched new arts and cultural events, as well as children's academy and sustainability activities both offline and online through use of digital technology



Thank you

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