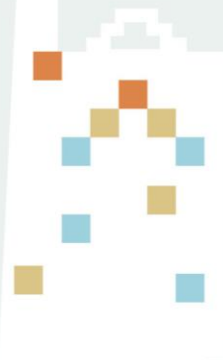


# Hysan Development 2021 Interim Results Press Conference

11 August 2021

 **Hysan** 希慎



Remarks by

**Ms. Irene Yun Lien LEE**  
Chairman

- 1H 2021: first signs of recovery in major economies after global roll-out of COVID-19 vaccines
- Hong Kong: GDP grew, labour market improved and residential sales market remained active
- Global recovery still uneven and uncertain; Hong Kong still affected by external forces, travel restrictions and local social distancing
- But: presents business and investment opportunities ready to flourish upon full-fledged economic recovery



# 2021 Hysan's Interim Results Highlights

11 August 2021 | Page 4

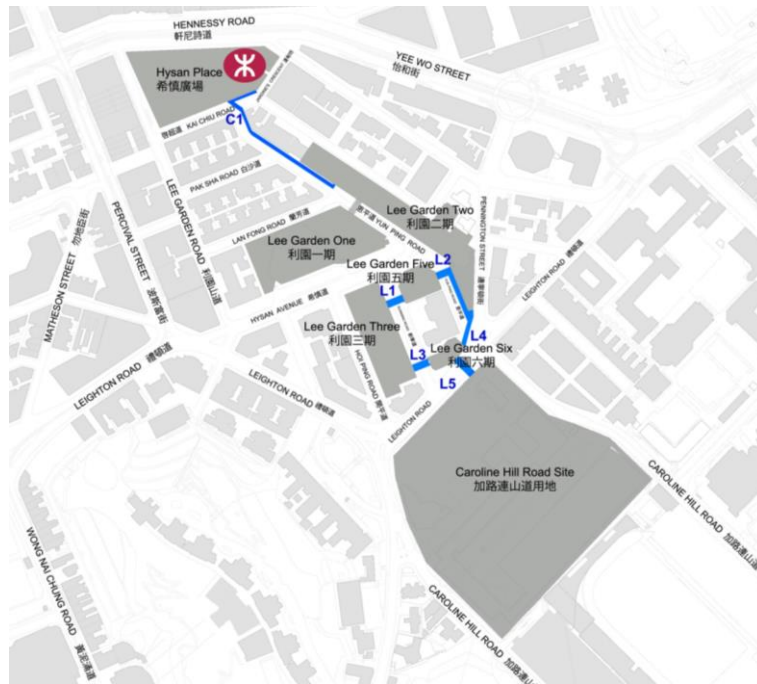
- In 1H 2021, Hysan's Turnover and Recurring Underlying Profit decreased YoY by 7.4% and 12.6% respectively
- Occupancies of Office and Retail portfolios were 95% and 97% on a committed basis respectively



# An Active 2021 for Hysan

11 August 2021 | Page 5

- Won tender for Caroline Hill Road site
- Enlarged landholdings will augment neighbourhood and community vision
- Highlights our confidence in HK and its role in GBA
- Complement our existing portfolio which has a strong dual-engine office and retail tenant mix
- Collaborating with like-minded partner, Chinachem Group



# An Active 2021 for Hysan (con't)

- Hong Kong's office rental market continued to be affected by COVID-19 issues
- Hysan's office portfolio saw demand from new economy tenants
- Expansion from individual tenants in fin tech, flex/co-work and wealth management
- Demand from those originally from other parts of CBD who recognized Lee Gardens' exceptional location, facilities, content and community





# An Active 2021 for Hysan (con't)

11 August 2021 | Page 7

- Lack of tourists continued to affect HK retail
- Our estimated tenant sales still grew by 32% YoY, significantly better than HK retail sales growth of 8.4% YoY
- Proved Hysan's business model creating “destination of choice” in recent years worked well
- Our “emotional loyalty” strategy also maintained and grew multi-generational local customers
- Luxury and lifestyle brands expanded into Lee Gardens, a location supported by a landlord with long term vision
  - Brands appreciate venue with strong local purchasing power
- F&B businesses improved after relaxation of social distancing



# Support for the Community

11 August 2021 | Page 8

- Hysan contributed as a major community stakeholder, in particular towards its tenants
- Invested time and effort into partnership with tenants and understood their needs
- Launched creative, customized and collaborative marketing events
- Enhanced health and safety in mall, including provision of air purifiers for tenants
- Safer and vibrant location is always better for business



**ENERGIZE**



**ENRICH**

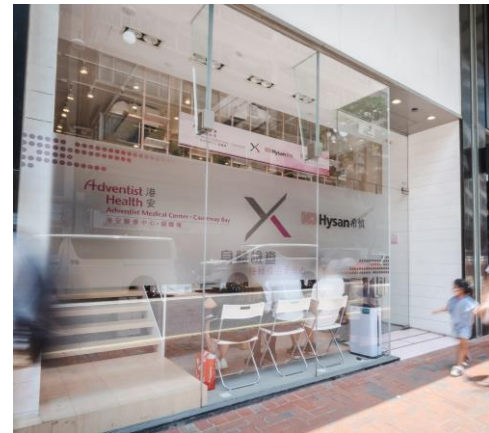




# Support for the Community (con't)

11 August 2021 | Page 9

- To encourage vaccination and aim for a fully-vaccinated Lee Gardens area:
  - Partnered Adventist Medical to host HK's first in-mall vaccination promotion health check centre at Leighton Centre
  - Distributed health check packages to underprivileged and frontline workers so they can learn more about their health status before vaccination
  - Donated to Po Leung Kuk for COVID-hit families, the donation amount based on number of fully-vaccinated workers in Lee Gardens area
  - Lucky draw for the public

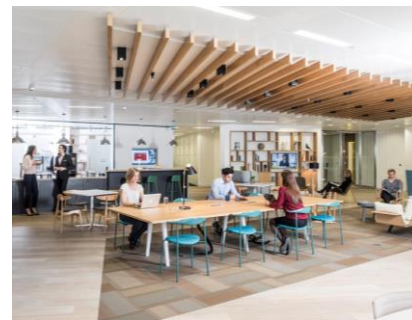


- Lee Gardens portfolio will continue to be our core business
- Well prepared to build for the future which will complement and extend our reach
- Forms JV with IWG to operate co-work/flex centres in the Greater Bay Area including Hong Kong
- Flex will form part of the office ecosystem after emergence of COVID and the different and hybrid forms of office arrangements



## A New Venture in Flex (con't)

- Hysan a pioneer of the sector in HK from more than 20 years ago when we started partnership with IWG
- IWG proven global market leader that wins out after industry consolidation, already having 30+ centres in GBA
- Hysan provides landlord perspective including experience in creating synergy for flex space and others in a mixed-use portfolio, as well as community building
- Most appropriate partners in further development of flex centres in GBA



- Major economies are on the road to recovery
- However development and containment of COVID is unpredictable
- Compounded by geopolitical tensions affecting confidence
- Hong Kong economy can only make significant stride when vast majority of the community is vaccinated and virus meaningfully contained



# Looking Ahead (con't)

11 August 2021 | Page 13

- Hysan has comprehensive strategy for long and short-term targets
- Grow our core business in Lee Gardens
- Our strong balance sheet ensures our strength to capture opportunities, and now the right time to do so, both at our core business and beyond



Presentation by

**Mr. Roger HAO**  
Chief Financial Officer



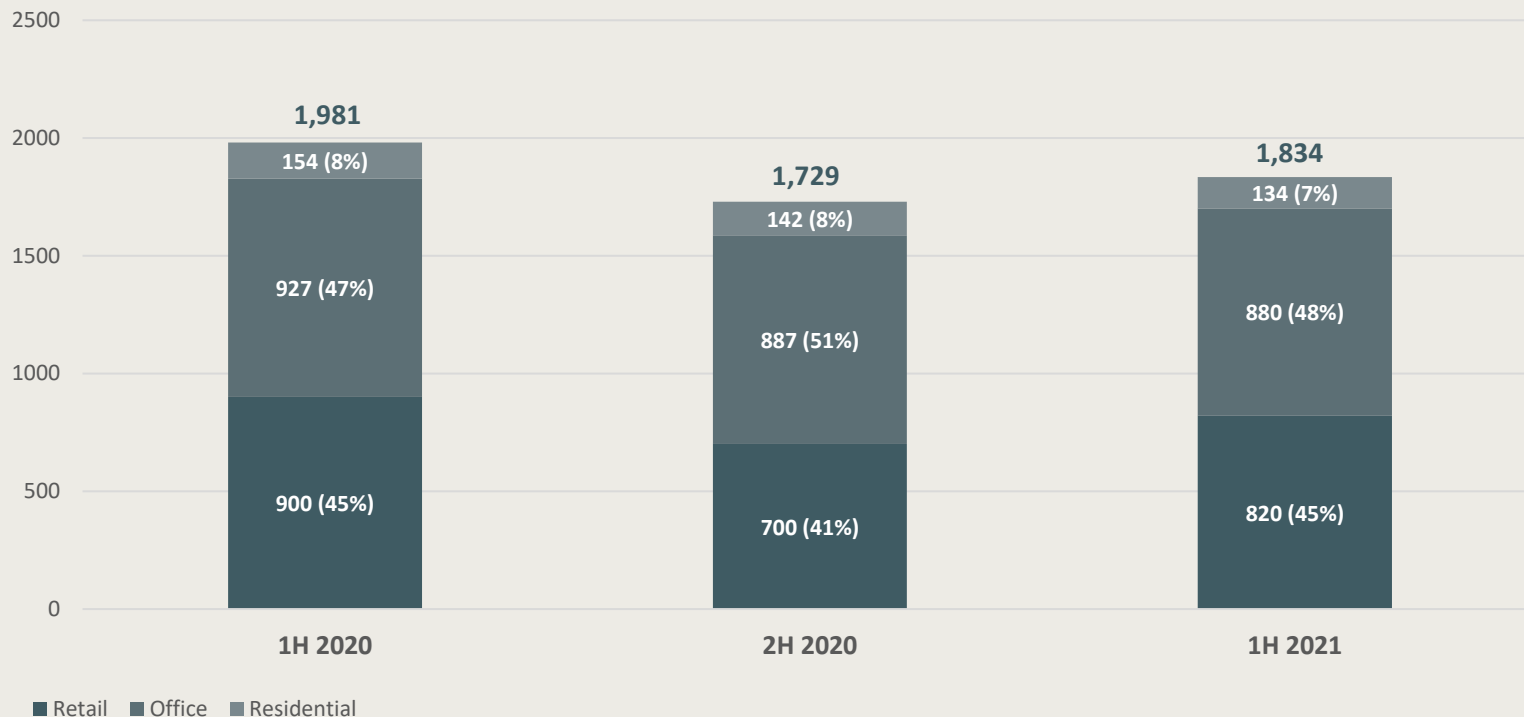
# 1H 2021 Results Highlights

	1H 2021 HK\$'M	1H 2020 HK\$'M	%
Turnover	1,834	1,981	-7.4%
Recurring Underlying Profit	1,177	1,346	-12.6%
Underlying Profit	1,177	1,346	-12.6%
- Fair value gain on investment properties located in			
· Hong Kong	(517)	(3,871)	
· Shanghai*	72	(19)	
- Imputed interest income on the interest-free loan to a joint venture	7	15	
- Other gains and losses	7	(8)	
- Profit attributable to perpetual capital securities holders	(229)	(89)	
Reported Profit	517	(2,626)	n/m
Shareholders' Funds	73,146	73,696	-0.7%

# 1H 2021 Performance: By Portfolio

11 August 2021 | Page 16

## Turnover (HK\$'M)

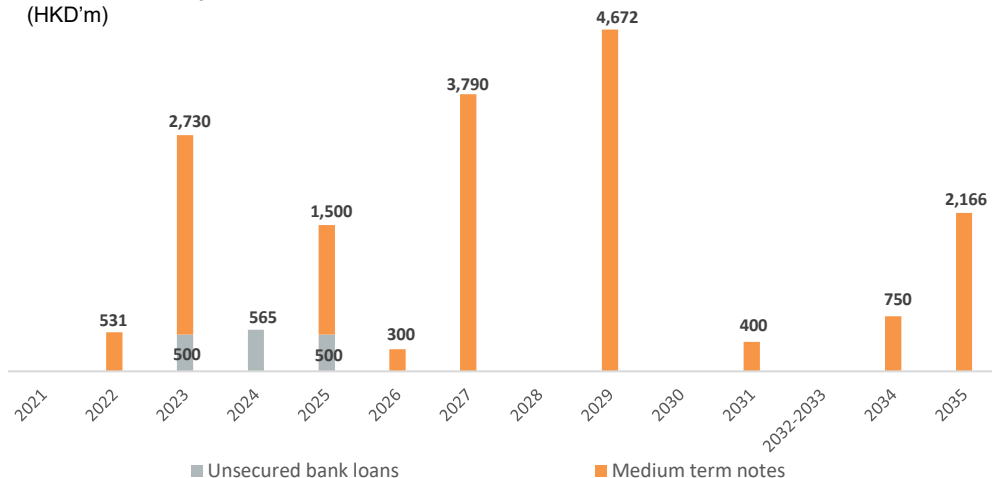


# Strong Financial Position & Ample Liquidity

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## Debt Maturity Profile as at 30 June 2021

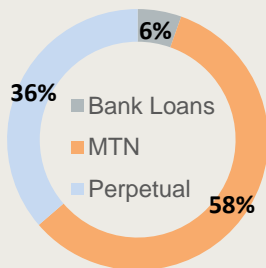
(HKD'm)



## Financial Position Highlight

Gearing Ratio*	Average Debt Maturity
8.2%	6.6 years
Fixed : Floating	Effective Interest Rate
91% : 9%	2.9% (↓10bps vs FY20)

## Diversified funding sources



## Ample liquidity

**Available cash**  
HKD 11.1b

**Undrawn committed facilities**  
HKD 5.2b

## Credit Ratings

Moody's	Fitch
A3 / Stable	A- / Stable

\* Gearing ratio is defined as borrowings less time deposits, cash and cash equivalents divided by total equity

Presentation by

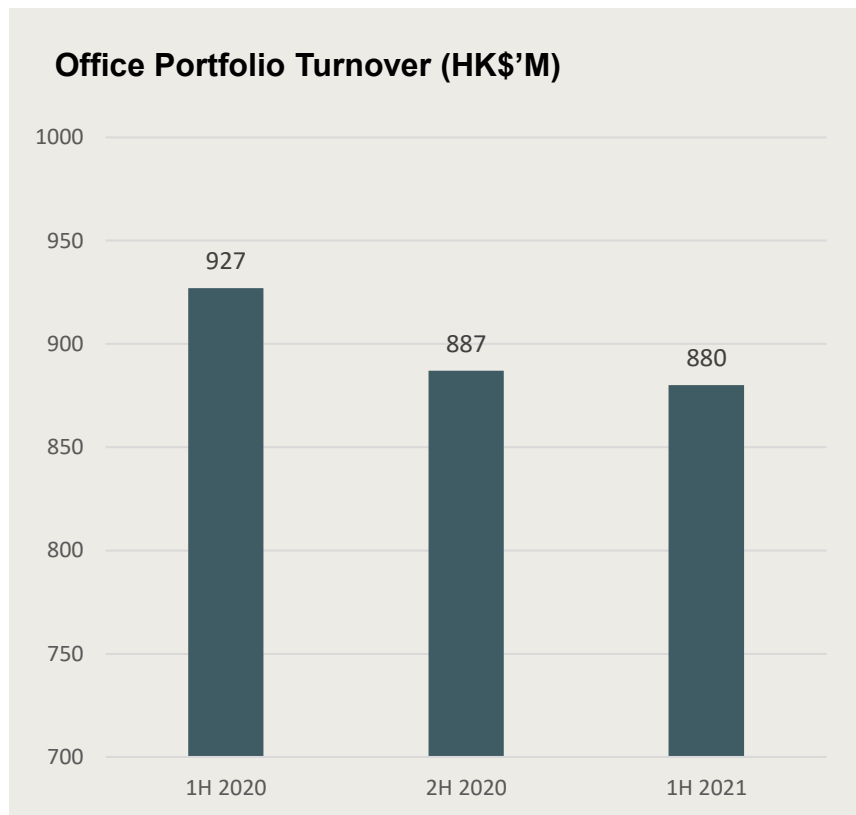
**Mr. Ricky LUI**

Chief Operating Officer

# 1H 2021 Performance: Office Portfolio

11 August 2021 | Page 19

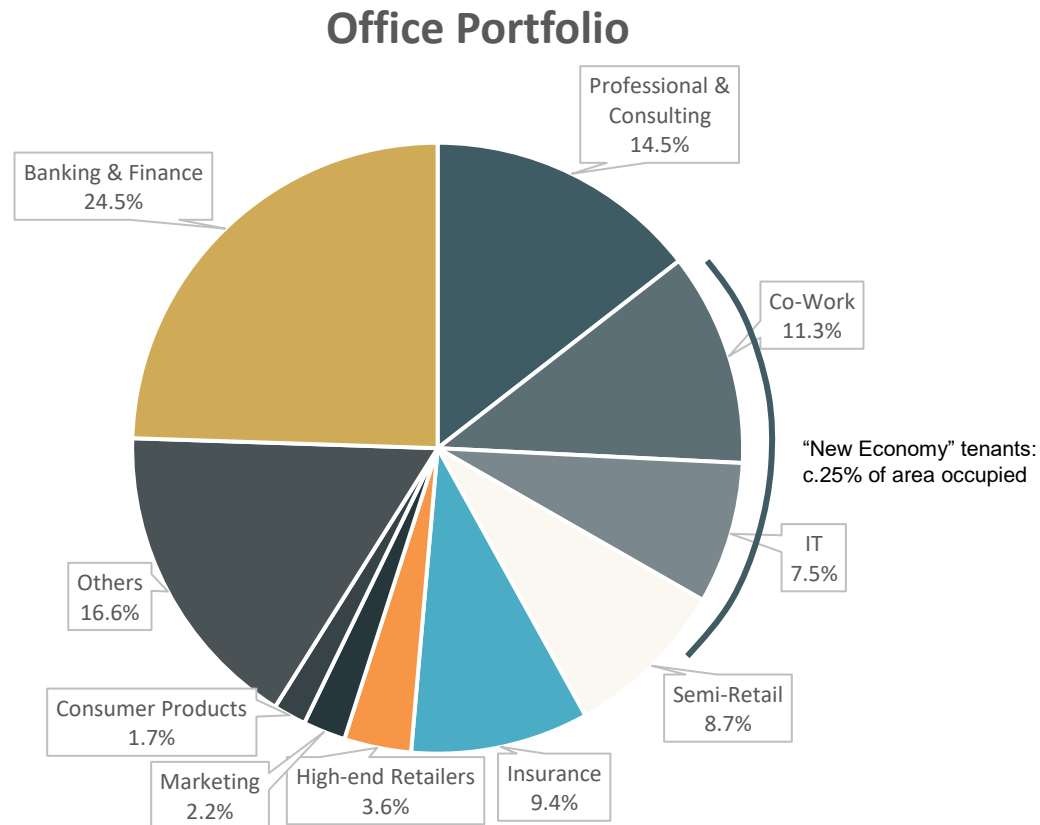
- Office turnover declined by 5.1% YoY to HK\$880 million
- Occupancy: 93% (95% on a committed basis) as at 30 June 2021
- Average rental reversion rate on renewals, rent review and new lettings slipped into negative territory



# 1H 2021 Performance: Office Portfolio (con't)

11 August 2021 | Page 20

- Balanced portfolio with different industries represented
- Lee Gardens as a preferred location for banking and finance, new economy and personal services further reinforced
- Solid demand from “New Economy” tenants : c.35% of new office leases in 1H 2021 by area



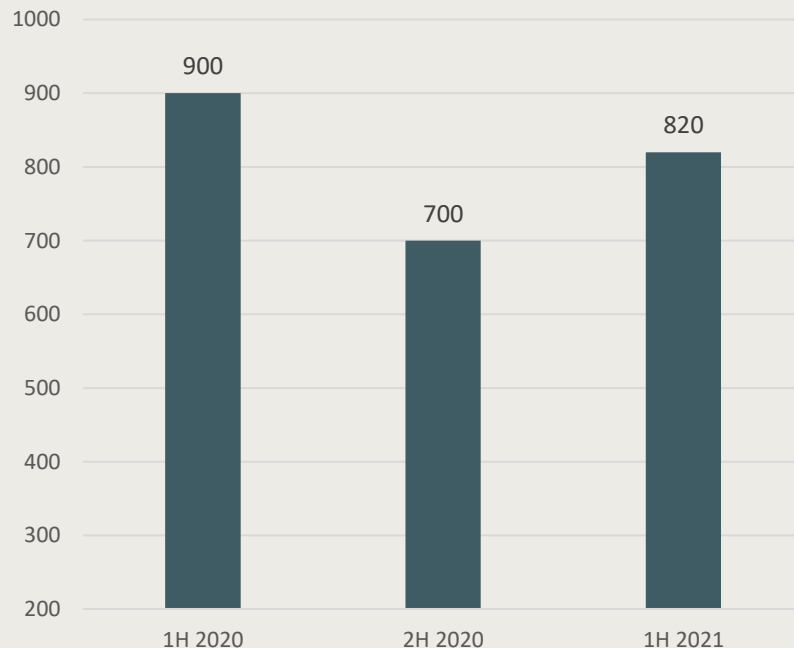


# 1H 2021 Performance: Retail Portfolio

11 August 2021 | Page 21

- Retail turnover was HK\$820 million, down 8.9% YoY
- Occupancy was 97% (97% also on a committed basis)
- Overall rental reversion rate on renewals, rent review and new lettings negative, but with rental levels seeing signs of stabilizing

**Retail Portfolio Turnover (HK\$'M)**



# 1H 2021 Performance: Retail Portfolio (con't)

11 August 2021 | Page 22

- Hysan tenant retail sales outperformed overall Hong Kong retail sales
- Hysan outperformed the market in basically all the major categories
- New leases taken up mainly by watch and jewellery, luxury retail, food and beverage, hobby/lifestyle and apparel in Lee Gardens and Hysan Place

## Hong Kong & Hysan Tenant Retail Sales (Jan-Jun 2021, YoY)

Type of retail outlet	Hong Kong	Hysan (estimated)
Clothing, footwear and allied products	+24%	+39%
Food & Beverages	+0.5%	+18%
Jewellery, watches and clocks, and valuable gifts	+34%	+104%
Medicines & cosmetics	-3%	-12%
Supermarket	-9%	-5%

# Marketing Incentives and Loyalty Programmes

11 August 2021 | Page 23

- Events and promotional activities throughout the reporting period providing support for tenants
- Club Avenue VIPs treated to private promotional and sales events

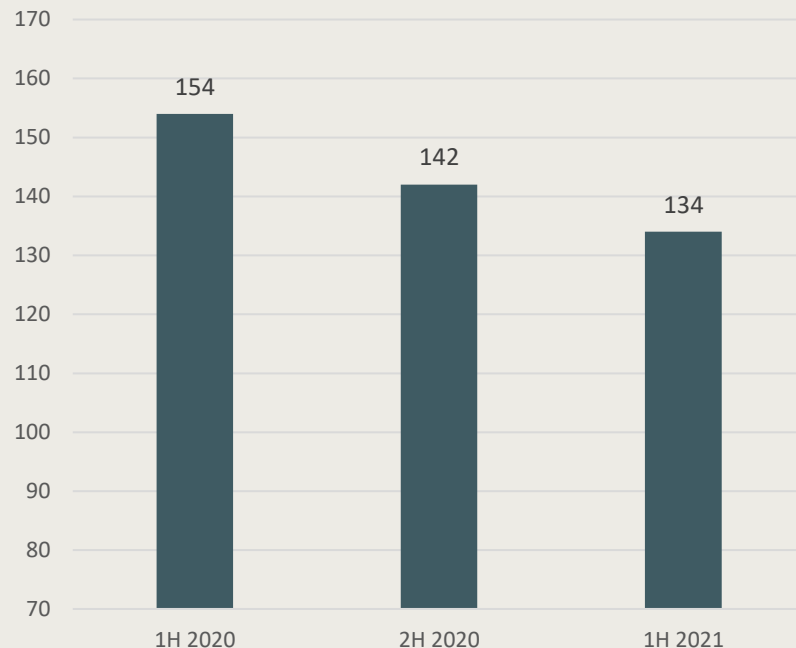


# 1H 2021 Performance: Residential Portfolio

11 August 2021 | Page 24

- Residential portfolio turnover saw a decline of 13.0% YoY to HK\$134 million
- Occupancy was 73% as at 30 June 2021
- Luxury residential market continued to be affected by travel restrictions, significant reduction of expat demand
- Unlikely to change significantly until COVID-19 situation improves
- Overall rental reversion was negative

**Residential Portfolio Turnover (HK\$'M)**



# Property Development – Caroline Hill Road and Tai Po

11 August 2021 | Page 25

- Acquisition of Caroline Hill Road site marks a clear expansion of our core assets in Lee Gardens
- Adds 1.07 million square feet of prime commercial space, 27% expansion of our current portfolio's GFA
- An estimated 10 thousand extra daily users/ occupants
- Expand our revenue base significantly



- The value is further enhanced by proposed connectivity scheme, offer pleasant weatherproof walkway from Hysan Place to Caroline Hill
- 60 thousand square feet of greenery: urban oasis matches sustainability mindset
- Master plan under development to be submitted for government approval



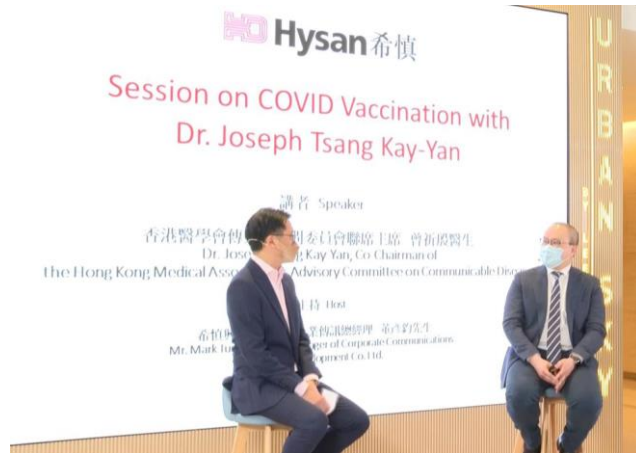
- Tai Po residential project's target completion date: early 2022
- Sales launch also targeted for early 2022



- Ready to unveil an interactive e-community
- E-commerce platform for unique shopping and related experiences, including activities and events
- New channel for tenants to engage customers
- Hysan's new headquarters is a “smart” office with advanced technology to drive efficiency and productivity



- Health, wellness and safety top priorities during COVID-19 days
- Forward-looking provision of air purifiers to F&B and service tenants preceded HK Govt directives
- Wide use of HK developed technology
- Hosted wellness town halls including COVID-19 expert



# Thank you

# Hysan Development 2021 Interim Results Press Conference

11 August 2021

 **Hysan** 希慎

