



2022 INTERIM RESULTS ANALYST BRIEFING

Hysan Development Company Limited

22 August 2022

 **Hysan** 希慎

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Keynote Address

Chairman of Hysan Development
Ms. Irene Lee

- Hong Kong celebrates the 25th anniversary of HKSAR and ushers in new administration for the city
- Among the expectations for new administration: strengthen the momentum of policy development which aligns with National strategies and addresses critical and urgent issues of livelihood, housing and youth
- Ensure Hong Kong remains a successful international city
- Confirms Hong Kong's One Country Two Systems

COVID-19 5th Wave in first months of 2022 interrupted HK economic recovery seen in 2021

But since Q2 2022, signs of recovery with:

- **Relative moderation of pandemic**
- **Gradual relaxation of government measures**

Still concerns about outlook:

- **COVID-19 figures slowing rising**
- **Global uncertainties affect economic picture**

Hysan's Proactive Management of our Core Business in Lee Gardens Help Drive Traffic back into Area

Smart
Community
Business
Model

Tenant Mix
and
Experience
Curation

Quality
Service

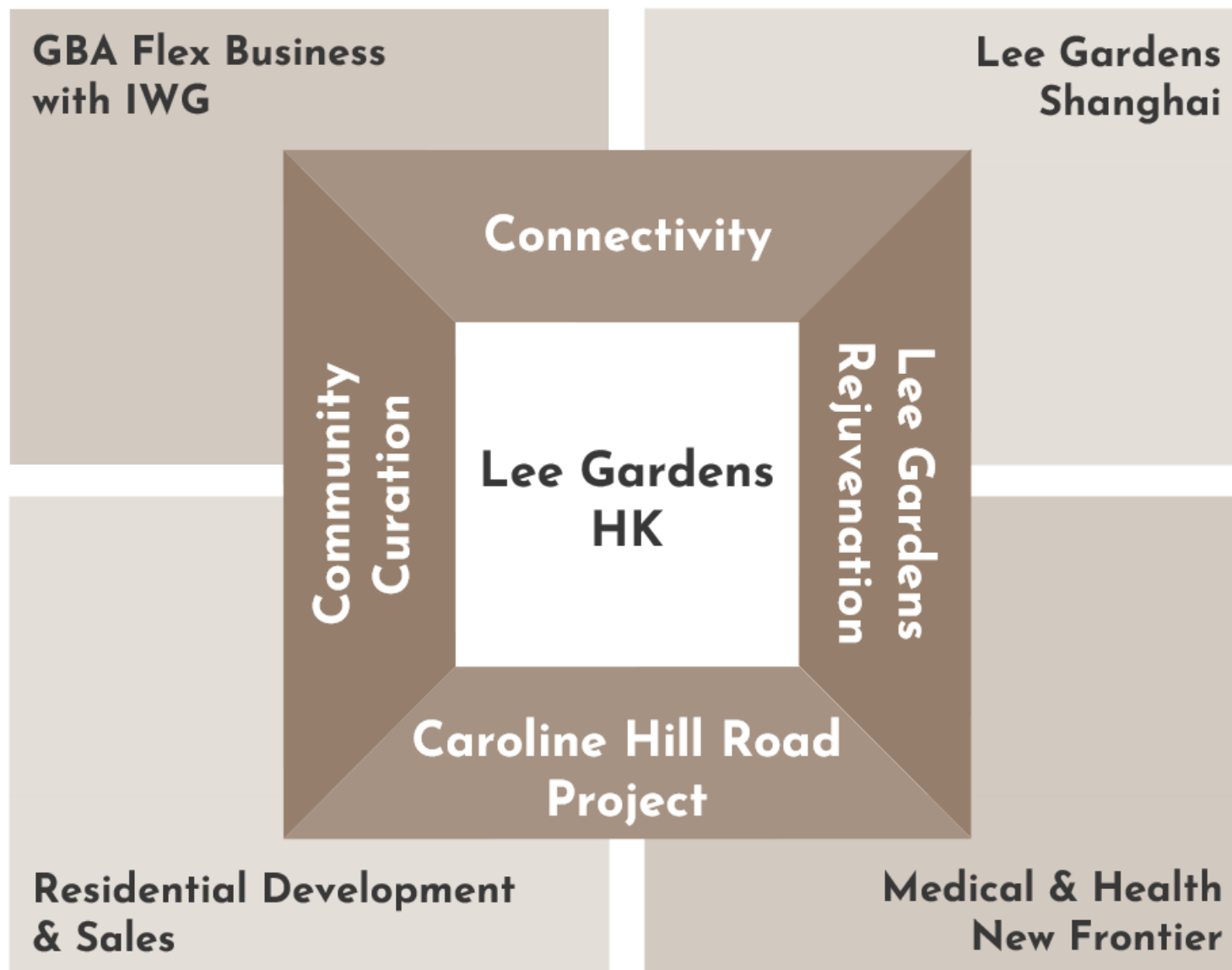
Throughout malls
and properties

More than:

25% 

Estimated tenant sales in Q2
(when compared to Q1)

Core Reinforcement and Growth Pillars Strategy



Core Reinforcement



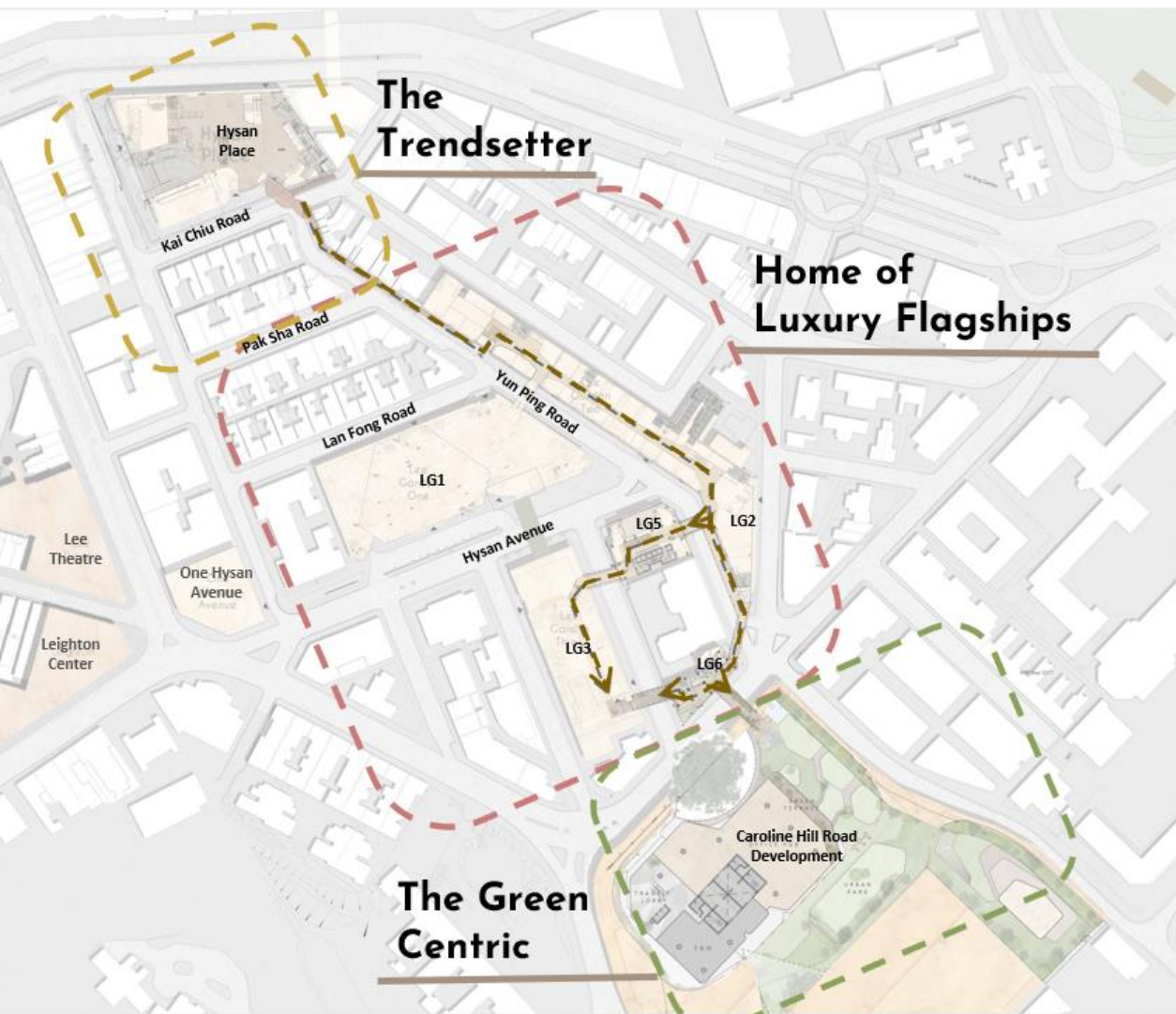
Core Portfolio:

**Caroline Hill Road Project
adds 30% to Core Portfolio**

**WORK
STARTED**

Q3 2022

Lee Gardens Rejuvenation



Hysan Place:

Transformation after 10 years
Trendsetting themes for different zones

Lee Gardens:

Home of luxury flagships, quality dining,
special events and experiences

Connectivity:

Walkway to connect entire Lee Gardens
including our new Caroline Hill Road buildings

**Sustainability remains at the heart of our
core portfolio's extension and expansion**

Strategic Pillars:

Making good progress to deliver a more balanced, diversified and complementary portfolio

VILLA LUCCA



To Kwa Wan URA Residential Project



Lee Gardens Shanghai



GBA Flex Business with IWG



Medical & Health - Investment in New Frontier



**We export our successful
Work-Live Smart Community Business Model
to other projects within Hong Kong and beyond
- To Kwa Wan, Shanghai and more to come**

- **With gradual relaxation of restrictions, Hong Kong's situation is improving**
- **Other major international cities are seeing their economies bounce back strongly**
- **Hong Kong's economy will rebound and will maintain its status as a global financial and trading hub as well as a top tourist destination**



Business & Operation Review

Executive Director & Chief Operating Officer
Mr. Ricky Lui

2022 Interim Results

Group

Revenue

HK\$ 1,777M (-3.1%)

Recurring Underlying Profits

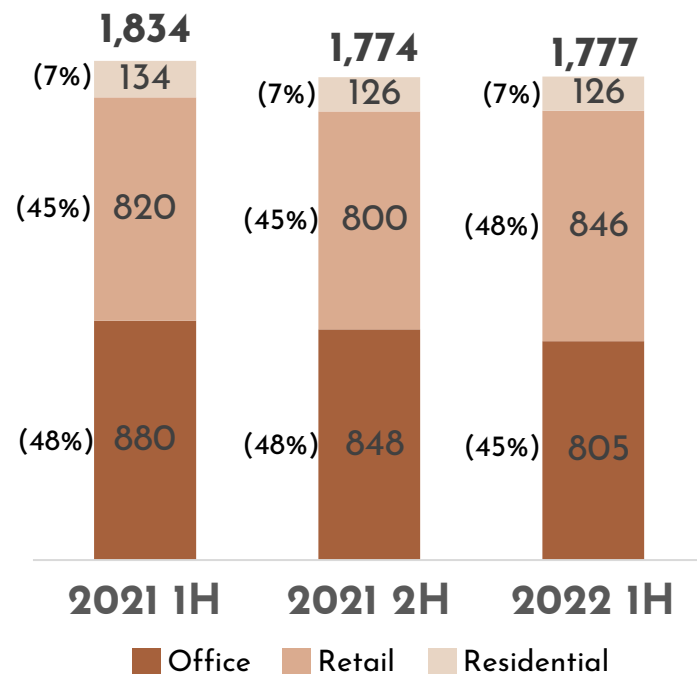
HK\$ 1,169M (-0.7%)

DPS

HK 27 cents (flat)

By Sector

Revenue (HK\$M)



HoH:
Retail: +5.8%
Office: -5.1%

YoY:
Retail: +3.2%
Office: -8.5%

A Balance Dual-Engine Business which is Fluid and Dynamic

for optimizing space allocation and tenant mix

Period-end Occupancy

Retail	98%	(2021 Dec : 99%)
Office	91%	(2021 Dec : 94%)
Residential	71%	(2021 Dec : 71%)

Retail

NEAR FULL
OCCUPANCY

as at June 30

98%

Q1

COVID-19 5th wave: strict government restrictions and lack of incoming visitors leading to serious impact on footfall

Q2

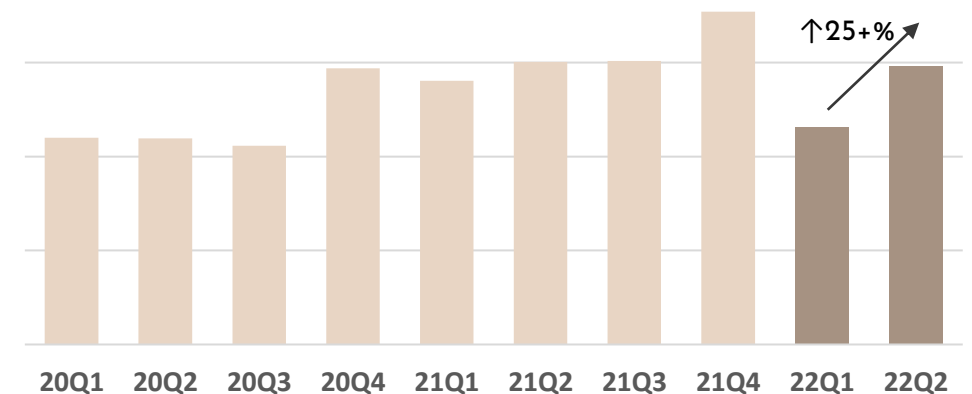
Drop in COVID-19 cases with loosening of restrictions and consumption vouchers added far more vibrancy and spending

We believe once quarantine measures are lifted, the rebound will be significant

Hong Kong & Hysan Tenant Retail Sales (1H 2022, YoY)

Type of retail outlet	Hong Kong	Hysan (estimated)
Clothing, footwear and allied products	-13%	-4%
Food & Beverages	-14%	-19%
Jewellery, watches and clocks, and valuable gifts	-7%	-8%

Hysan Quarterly Tenant Sales Trend (2020 - 2022)



Hysan Attracted New F&B, Beauty, Sports and Kids' Concept Stores



25 New Tenants

Introduced to the Lee Gardens Area in 2022



Marketing Initiatives and Loyalty Programmes

- Our online and digital platform is impactful and has been engaging a new group of customers
- Our well-established loyalty clubs have provided a solid base for our business and have also reinforced our relationships with tenants and customers
- Through strategic partnerships with third parties and brands, we have successfully leveraged on each other to generate effective business results

*Savour the
Spring
Sensations*

+4% (YOY)
promotional sales

+10% (YOY)
members engaged

Power Up

100+
tenants engaged

*Club
Avenue*

+12% (Q2 vs Q1)
members' spending

*Lee Gardens
Club*

+29% (Q2 vs Q1)
members' spending

*Proactive
Partnerships*

100+
partners

Office

Proactive management of leases
2022 expiry area 63% committed

Continues to be popular among wealth management, flexible workspace and “new economy” operators

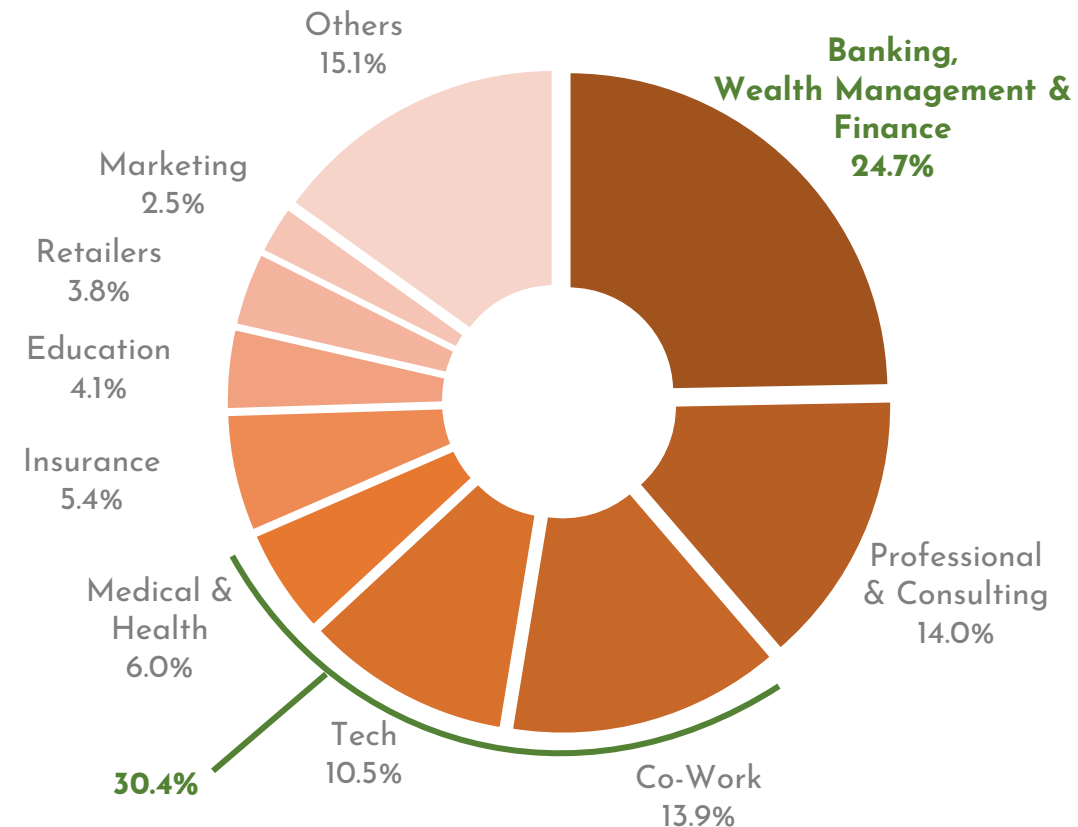


(Standard Chartered opens new Wealth Management Centre at Lee Garden One)

Dual Engine Business

Dynamic and fluid, allowing us to use thoughtful and progressive ways to look into space use
(e.g. give space to service trade where there is high demand)

Office Tenant Profile by Area (as at 30 June 2022)



Residential

HK Luxury residential leasing market remained quiet partly due to lack of expats arriving in HK

Bamboo Grove, an expat-focused rental building, offers more flexible terms to tenants and more incentives for agencies



Business & Operation Review

Core and Pillars Update

Caroline Hill Road Project

Core Extension



**Structural
Work Scheduled
To Start In**

Q3 2022

**Project
Completion**

and Connecting Walkway
(from CWB MTR station to the site)

**Late
2026**
(estimated)

A project expanding Lee Gardens by 30%



Commercial GFA:
1.1 million sf




Lifestyle Park and Greenery:
60,000 sf

Lee Gardens Rejuvenation

HYSAN PLACE

- A full-scale revamp to retain our leadership as a trend-setter
- A seamless vertical journey linked by a series of Attractions

15/F	
14/F	
13/F	New Dining Experience
12/F	
11/F	
10/F	Art & Culture
9/F	
8/F	
7/F	In & Out Dining
6/F	Urban Youth Centric
5/F	
4/F	
3/F	Trendy Hub
2/F	
1/F	The Meeting Place
G/F	
B1/F	 Hy! Market
B2/F	Carpark
B3/F	
B4/F	



LEE GARDENS

- A destination for luxury retail flagships, quality dining, special events and experiences



Business & Operation Review

Building The Pillars



Tai Po Luxury Residential Project

- Splendour of European-style mansions with high quality and privacy
- Its grounds command spectacular views of mountains and the sea
- Double honours at the Asia Pacific Property Awards for its Exceptional (Architectural) Design
- Sales programme started in August; hundreds of prospective buyers visited furnished units



VILLA LUCCA

Residential Development and Sales

262

Garden houses and apartments

- 160 apartments
- 66 special units
- 34 houses
- 2 signature houses

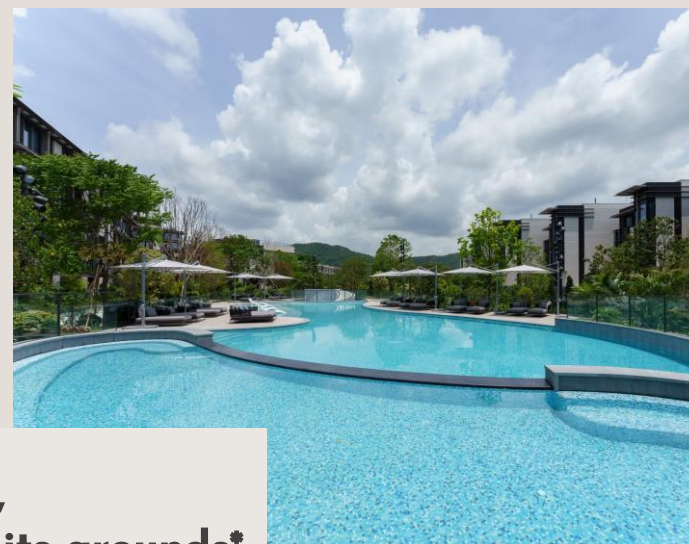
1,010 - 8,030 sq ft

Unit Sizes

34,000 sq ft

Superbly designed & equipped Clubhouse

**Commands spectacular views of Plover Cove,
Tolo Harbour and Pat Sin Leng Range from its grounds***



LEE GARDENS SHANGHAI

Investment Property



**Acquisition
Completed**

Jan 2022

**Upgrade Work
Started**

Jul 2022

**Estimated Time
for First Tenant**

2H 2022

GREATER BAY AREA FLEX - JV with IWG plc

Strategic Pillar

Hysan expanding footprint in the GBA and into flexible workspace business



 No. of Existing Centres as at Jun 2022

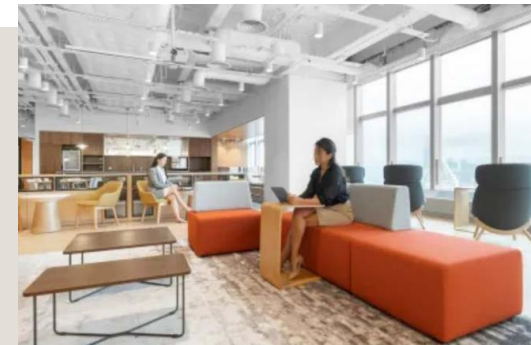
 International Workplace Group

2 new centres

Added in Tower 535 and 8 QRE in Hong Kong

34 locations across GBA

with intention to expand in the region's growing market



To Kwa Wan URA Residential Project

Strategic Pillar



- Oversee the design and operation of the retail portion of the JV project (with Henderson Land and Empire Group Holdings)
- Exporting Hysan's Community Business Model
 - Engaging the local community to the prosperity brought by the revitalization

Investment in New Frontier Group

Strategic Pillar

- Provides strategic exposure for Hysan in Mainland China's fast-growing healthcare sector, especially in the premium sector
- The leading private healthcare services provider in China opened Shenzhen New Frontier United Family Hospital in May 2022 serving affluent and middle-class family in Shenzhen and other parts of Greater Bay Area





A Sustainable Community

COVID Contributions



- Largest temporary vaccination centre in private portfolio at the Caroline Hill Road JV Site



- Leighton Centre community vaccination centre



- Donations of air purifiers, RAT kits, food and care package to people in need



- In To Kwa Wan, partnered with NGOs to provide free inspections of drainage pipes for the elderly

Technology in the Community

- **Jointly developed The Community Lab with Hong Kong Science and Technology Parks**
- **Helping new technology start-ups test innovations in a real world environment**
- **Lab also becomes venue for technological learning through talks and events**





Financial Management

Chief Financial Officer
Mr. Roger Hao

Financial & Capital Management

Shareholders'
Fund

HK\$ 72.4b (- 2.0%*)

NAV
per share

HK\$ 70.3 (- 1.5%*)

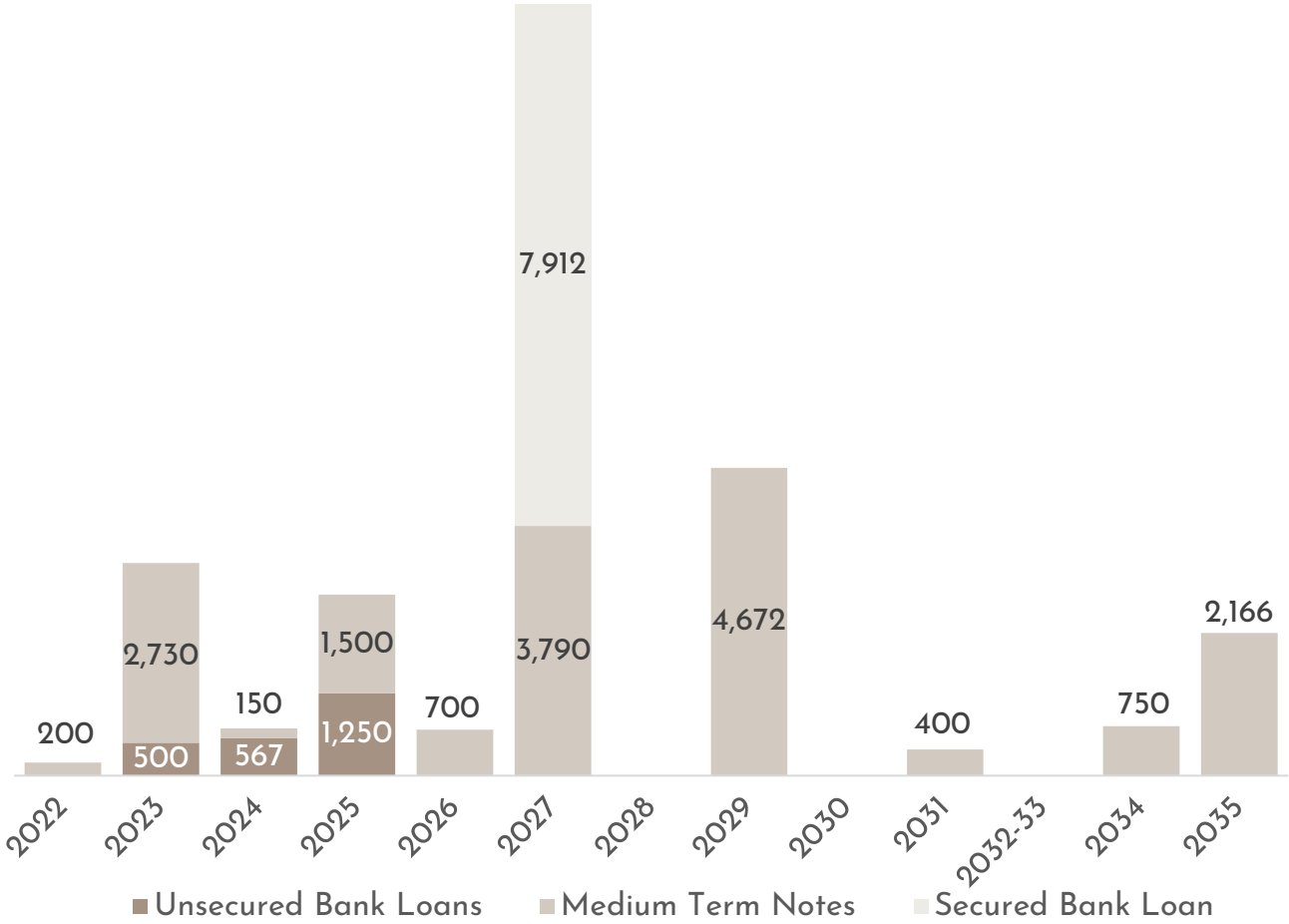
DPS

HK 27 cents (YoY: flat)

(*from 31 Dec 2021)

Financial & Capital Management

Debt Maturity Profile as at 30 Jun 2022
(HKD'm)



Key Financial Metrics

Net Gearing	Effective Interest Rate
23.8%	2.4%
Fixed Rate Debt Ratio	Average Debt Maturity
60%	5.3 years
Undrawn Committed Facilities	Sustainable Finance
HK\$ 9.6b	46% of total debts and facilities
Credit Ratings	
Moody's	Fitch
A3	A-

Indicative Cap Rates

	30 Jun 2022	31 Dec 2021
Retail	5.25% - 5.50%	5.25% - 5.50%
Office	4.25% - 5.00%	4.25% - 5.00%
Residential	3.75%	3.75%

An aerial photograph of a dense urban landscape, likely Hong Kong, showing a variety of high-rise buildings, some with green roofs, and a network of streets. The image is slightly hazy, giving it a soft, ethereal quality. The text 'THANK YOU' is superimposed on the left side of the image.

THANK YOU



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