

Hysan Development 2023 Interim Results Press Briefing

10 August 2023

 **Hysan** 希慎



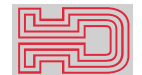
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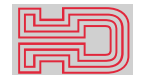




Market Overview

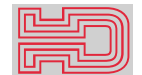
Global Economic Uncertainties

- ❑ Ongoing geopolitical tensions, declining world trade and tighter monetary and fiscal policies
- ❑ Rising concerns about the stability of the international banking system, persistently high core inflation and growing geoeconomic fragmentation
- ❑ IMF revised the global economic growth to 2.8% to reflect their lack of confidence in a strong economic rebound



Hong Kong: Signs of Improvement

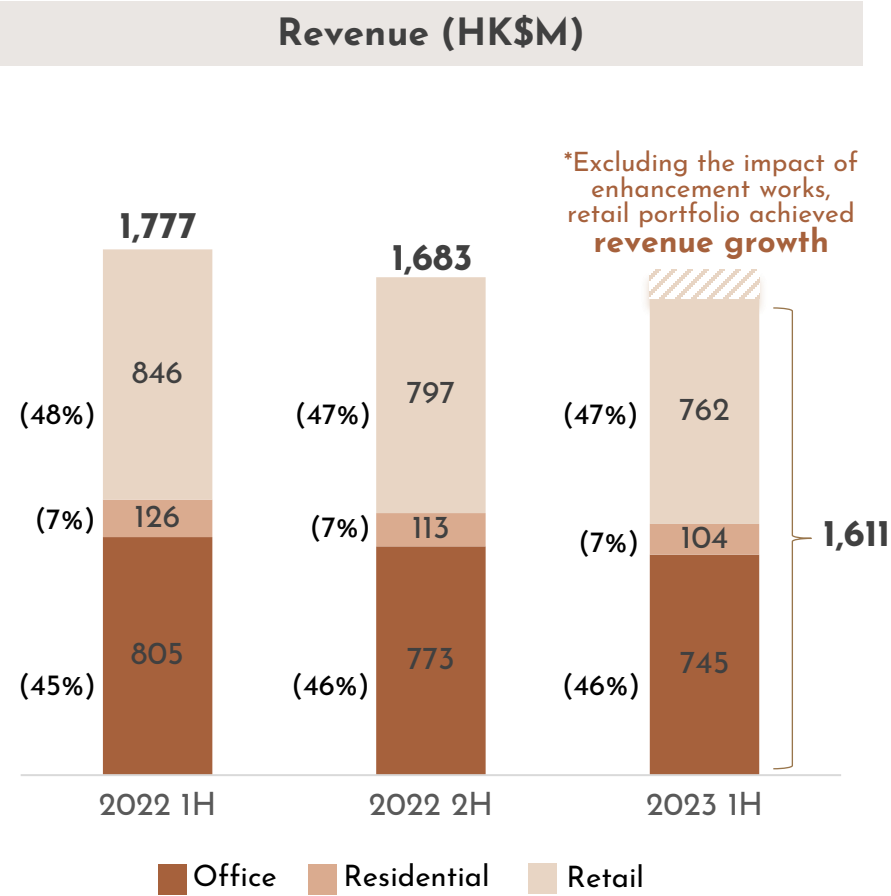
- ❑ **Year-on-year GDP growth resumed**
- ❑ **Labour market continued to improve**
 - ❖ Unemployment rate dropped to 2.9%
- ❑ **Hong Kong retail sales in 1H increased by 20.7% year-on-year**
- ❑ **The increasing inbound tourism numbers and the further resumption of economic activities will help to revive Hong Kong's relevance and competitive status**





Business & Operation Review

2023 Interim Results



Period-end Occupancy

Retail	98% (2022 Dec : 99%)
Office	89% (2022 Dec : 90%)
Residential	61% (2022 Dec : 61%)

Approximately 11% of our retail area were taken off for major enhancement which affected the retail revenue

Office and residential sectors still under pressure

Dual-engine business model continued to serve its balancing function



Retail

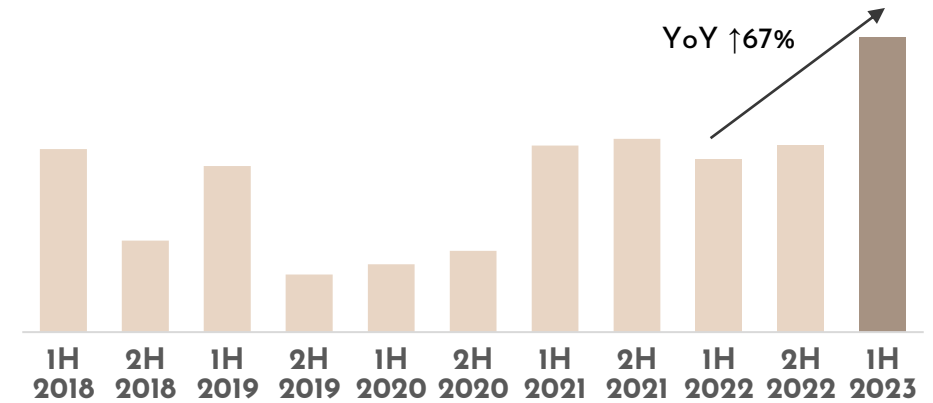
OCCUPANCY

as at June 30

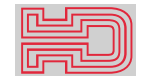
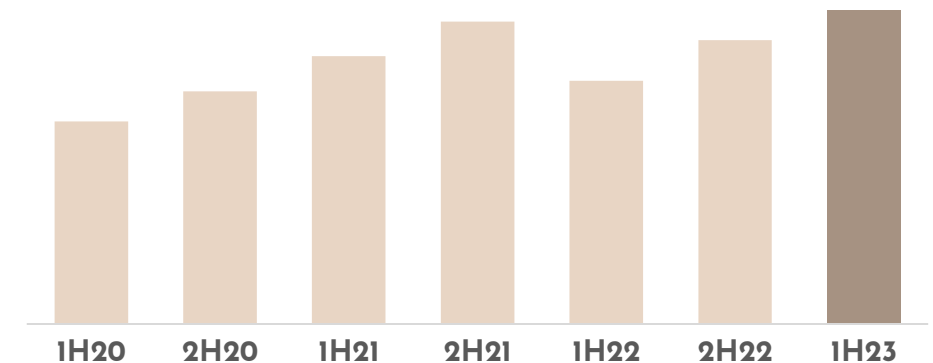
98%

- ❑ Recover of retail sales at Hysan surpassed that of Hong Kong
 - ❖ Turnover rent increased by 67% year-on-year
- ❑ Rental reversion rate on renewals, rent reviews and new lettings was predominantly positive
- ❑ Further recovery of tourist arrival numbers and their spending should add momentum to the revival of retail sector

Hysan Turnover Rent Trend (2018 - 2023)



Hysan Tenant Sales Trend (2020 - 2023)



Lee Gardens Rejuvenation

- Curate content for Lee Gardens Community to cater the needs of different customers



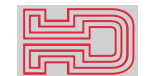
The Trendsetter Visitors & General Shoppers



Home of Luxury & Flagships High Spenders with Drivers



The Green Centric Young Families



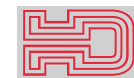
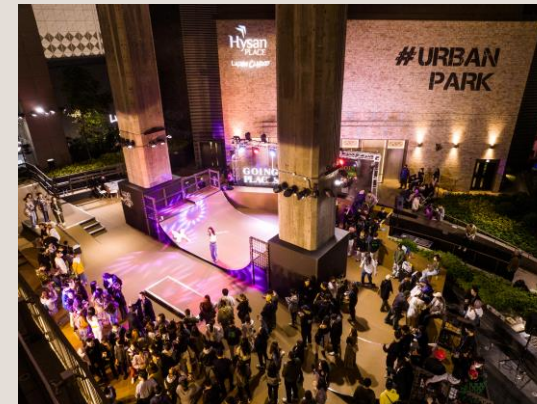
Lee Gardens Rejuvenation

LEE GARDENS

- ❑ Lee Garden One enhancement works began in Feb
- ❑ Temporary new concept boutiques of luxury anchor tenants continued to attract strong support from members

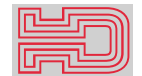
HYSAN PLACE

- ❑ Transformation made good progress in 1H
 - ❖ Unveiling of the Urban Park
 - ❖ Reopening of 4/F & 5/F
- ❑ G/F & Basement floors will reopen in late 2023
 - ❖ “Metropolitan train station” thematic dining and shopping experience



Marketing Initiatives and Loyalty Programmes

- ❑ Our loyalty club members continued to provide strong support to our retail sales
- ❑ Tourist promotion campaign as travel resumes
- ❑ A variety of thematic campaigns were implemented to cater for the diverse interests and needs of customers



Office

OCCUPANCY

as at June 30

89%

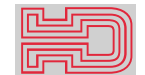
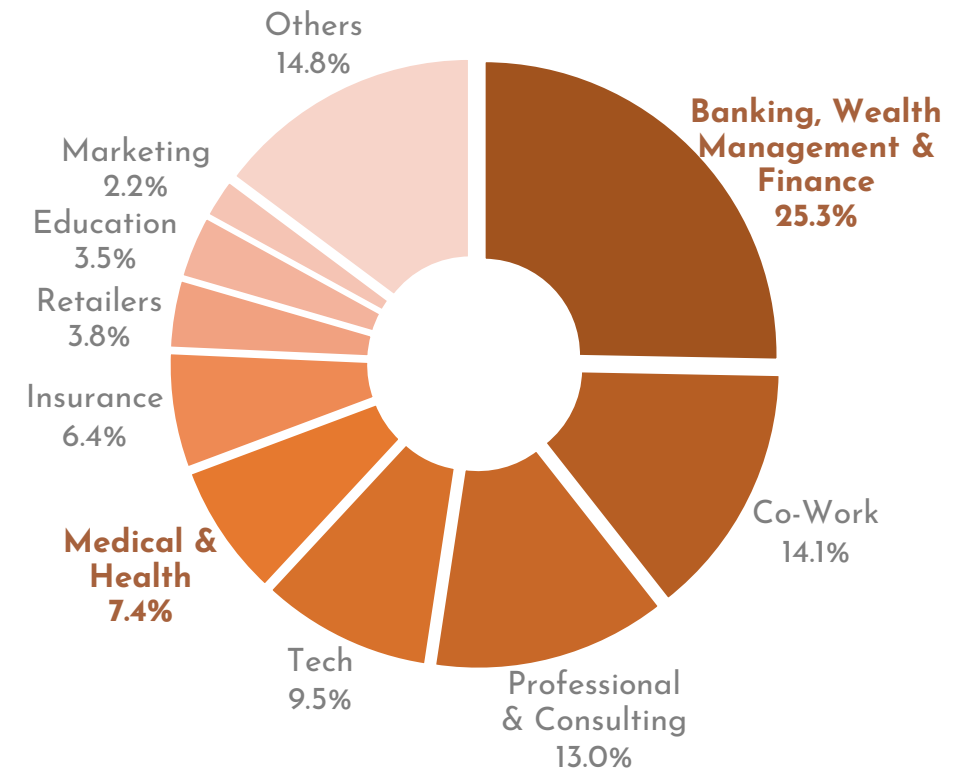
❑ Full Range Offerings

- ❖ To capture the increasing demand for small to medium size offices

❑ Vibrant and Integrated Community

- ❖ Attract and capture the demand of semi-retail and services trade
 - Banking, Wealth Management & Finance
 - Medical & Health
- ❖ Convert the use of space seamlessly

Office Tenant Profile by Area (as at 30 June 2023)



Residential

VILLA LUCCA

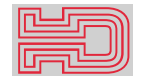


- ❑ Certificate of Compliance in Q1
- ❑ Both transaction price and unit rate achieved new records

TO KWA WAN PROJECT



- ❑ Development plan was approved in Q1, will be redeveloped in three 24-storey buildings
- ❑ Leverage Hysan's expertise to oversee the design and operation of the retail portion

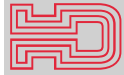
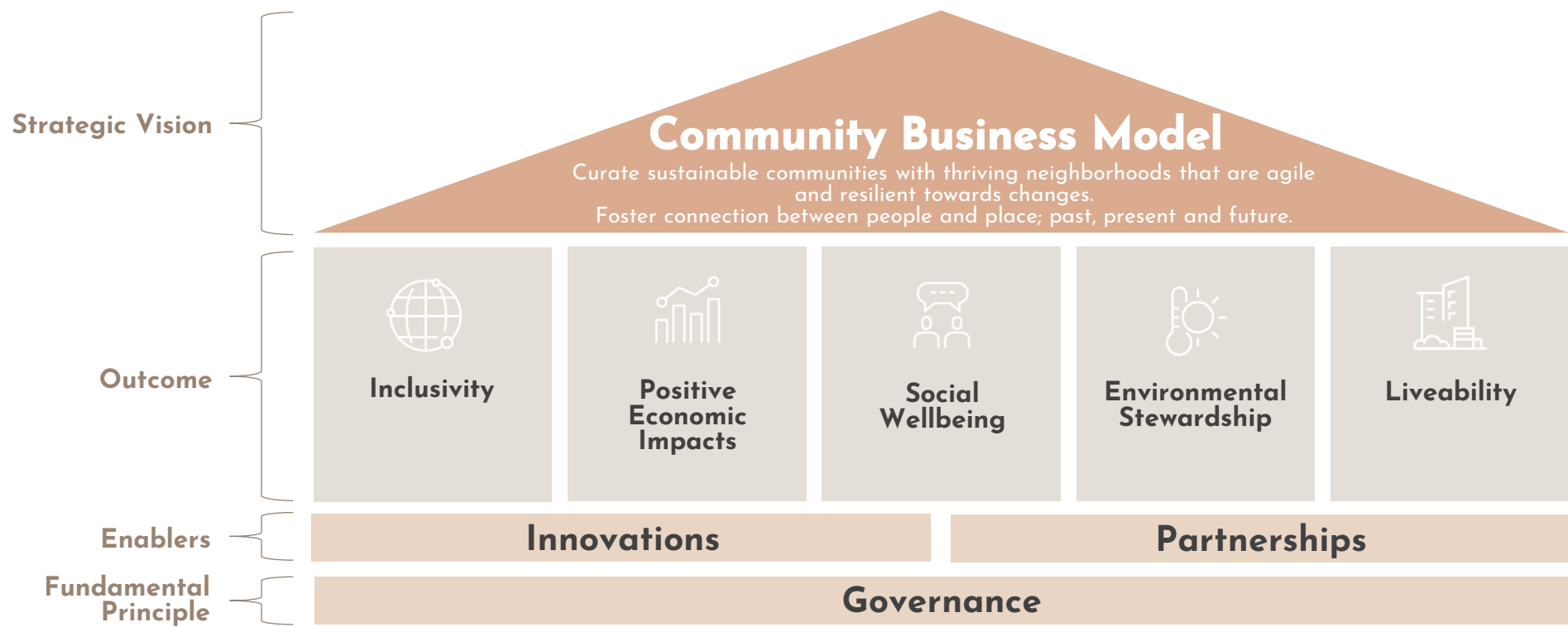




Sustainability Highlights





Sustainability Commitment

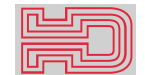
- ❑ Board-level Sustainability Committee was established since 2020
- ❑ Community Business Model



Sustainability Commitment

- ❑ Focus on achieving 4 key United Nations Sustainable Development Goals (“UNSDGs”)

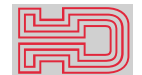
UNSDGs	Hysan’s contribution towards achieving the respective UNSDGs
 3 - Good Health and Well-being	<ul style="list-style-type: none"> ❑ Promote community wellness and resilience, health and safety via various programmes and activities to stakeholders of the community. ❑ Set out and maintain comprehensive management measures to provide a safe and healthy environment for our staff at work and our community to live.
 8 - Decent Work and Economic Growth	<ul style="list-style-type: none"> ❑ Promote sustainable economic growth. ❑ Drive tenants’ business growth. ❑ Nurture entrepreneurs and incubate innovations. ❑ Provide an inclusive environment of decent work.
 11 - Sustainable cities and communities	<ul style="list-style-type: none"> ❑ Make cities and communities inclusive, safe, resilient, and sustainable. ❑ Apply climate actions and develop green and WELL buildings to optimize impacts. ❑ Conduct activities with focus contributing to community health and wellness, family and children, art and culture, environmental sustainability, diversity and inclusion.
 17 - Partnerships for the goals	<ul style="list-style-type: none"> ❑ Mobilize multiple resources including support from project partners, nongovernment organizations (“NGOs”), and the government, making positive social impacts particularly in the area of our operations. ❑ Enhance the use of innovation and technology.



Sustainability Targets & Achievements

Category	Targets / Indicators	Status*
Governance	<input type="checkbox"/> Diversity and inclusion at Board Level: to achieve one-third of female directors by 2025	<input type="checkbox"/> Achieved
	<input type="checkbox"/> Zero case of cybersecurity incidents	<input type="checkbox"/> Achieved
Environment	<input type="checkbox"/> Reduce 20% carbon intensity by 2024 (Baseline: 2005)	<input type="checkbox"/> Achieved
	<input type="checkbox"/> Reduce 20% purchased electricity intensity by 2024 (Baseline: 2005)	<input type="checkbox"/> Achieved
	<input type="checkbox"/> Complete energy audit for 75% of our portfolio by 2025	<input type="checkbox"/> Achieved
	<input type="checkbox"/> Achieve 40% debt financed by sustainable finance by 2030	<input type="checkbox"/> Achieved
Community	<input type="checkbox"/> Number of social impact partners (NGOs) engaged	<input type="checkbox"/> 40 NGOs
	<input type="checkbox"/> Number of beneficiaries	<input type="checkbox"/> 4,287 beneficiaries
People	<input type="checkbox"/> Achieve workplace injury rate to <0.5% by 2030	<input type="checkbox"/> On track
	<input type="checkbox"/> Zero work-related fatalities of employee	<input type="checkbox"/> Achieved
	<input type="checkbox"/> Increase number of training hours by 30% by 2030 (Baseline: 2020)	<input type="checkbox"/> Achieved

*The status of diversity and inclusion at Board Level was as of 2023. The status of other targets/indicators was as of 2022.



Sustainability Performance

ESG Ratings



Remained 4-star



Hang Seng Corporate
Sustainability Index
Series Member 2022-2023

Remained AA



Remained A



Remained as Low Risk



FTSE4Good

ESG Rating: 3.5

Awards and Accolades



9th Hong Kong Investor Relations Association Awards 2023

Best ESG (S), Best ESG (G) ,
Best IR Company, Best Annual Report



Green Council's UNSDG Achievement Awards Hong Kong 2022

Gold (Organisation Awards)



HKICPA's Best Corporate Governance and ESG Awards 2022

Special Mention for Corporate Governance
- Non-Hang Seng Index Categories
(Medium Market Capitalization)





Financial Management

Financial & Capital Management

Shareholders'
Fund

HK\$ 68.7b (- 2.1%*)

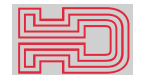
NAV
per share

HK\$ 66.9 (- 2.2%*)

DPS

HK 27 cent (flat)

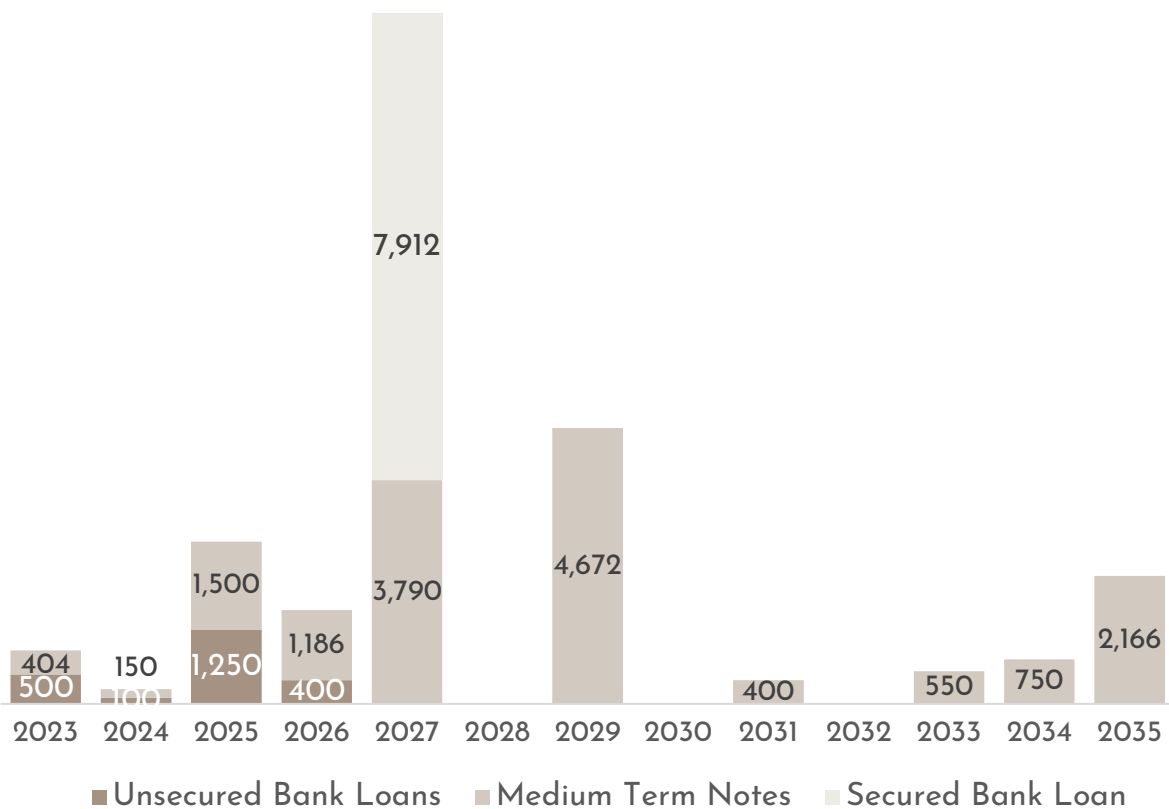
(*from 31 Dec 2022)



Financial & Capital Management

Debt Maturity Profile as at 30 Jun 2023

(HKD'm)

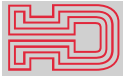


Liquidity Management

Only less than 5% of total debts due in coming 18 months

Cash & cash equivalents on hand sufficiently cover all maturing debts in next 3 years (2023-2025)

Ample undrawn committed banking facilities around HK\$10 billion



Financial & Capital Management

Key Financial Metrics

*Net Gearing**

25.9%

*Effective
Interest Rate*

3.9%

*Fixed : Floating***

76% : 24%

*Average Debt
Maturity*

4.8 years

Credit Ratings

Fitch

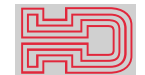
A-

Moody's

Baa1

*Net gearing is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

**This is for net debt (total debt less time deposits, cash and cash equivalents) exposure.





THANK YOU