

# 2023 ANNUAL RESULTS ANALYST BRIEFING

Hysan Development Company Limited  
22 February 2024



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# Keynote Address

Chairman

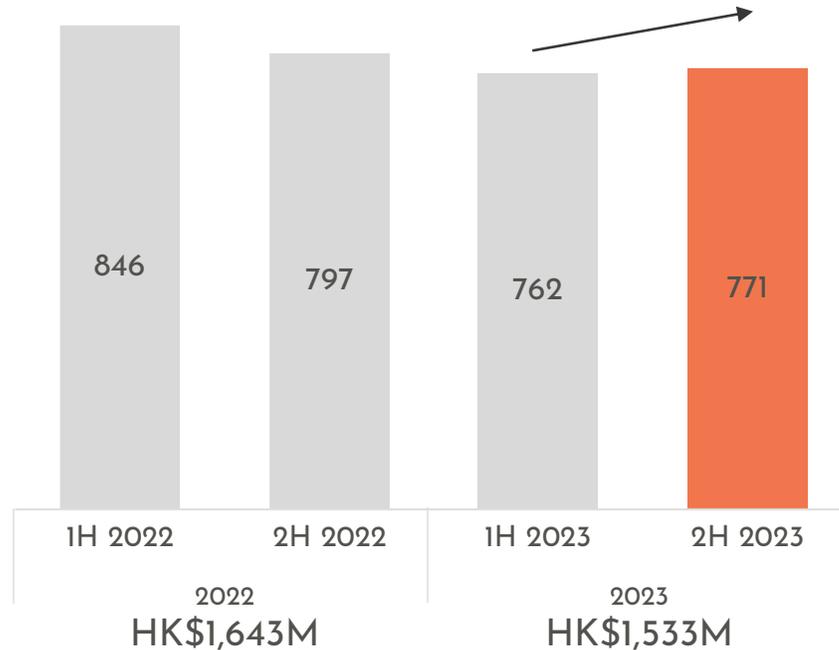
Ms. Irene Lee

## 2023 : A mix of challenges and opportunities

- ≡ A year of global upheaval as the world gradually recovered from the pandemic. Many continuing and new challenges were impediments to recovery
- ≡ Hong Kong was not immune to the impact of external shocks
  - ❖ While there were improvements, especially in tourist numbers, consumption was cautious and the export sector remained weak
- ≡ Cities in the Greater Bay Area offered attractive day or weekend trips for Hong Kong, resulting in an imbalance in tourist flows

# Dual-engine portfolio + Community Business Model provide resilience and strength

Retail Revenue (HK\$M)



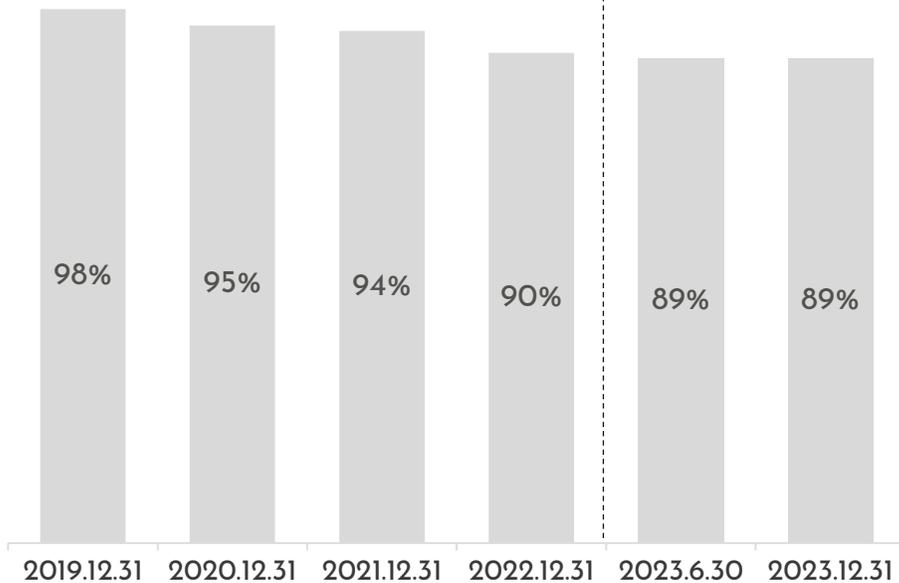
➤ The demand for expansion by our key retail anchor tenants gave us the confidence and impetus to the strategic rejuvenation

➤ Retail turnover slightly increased despite approximately 10% of our retail area was closed for Lee Gardens rejuvenation in 2023 on average

➤ The rental reversion rate on renewals, rent review and new lettings was predominantly positive during 2023

# Dual-engine portfolio + Community Business Model provide resilience and strength

Office Portfolio Occupancy



Despite the structural changes in the office sector, our office portfolio has demonstrated resilience and settled at a relatively stable occupancy rate of 89%

Lee Gardens is a highly desirable and competitive choice with our premium office space and facilities. New leases have been taken up by high-end retailers and service trades

Our investment in flexible workspace complements our office portfolio in the new office ecosystem

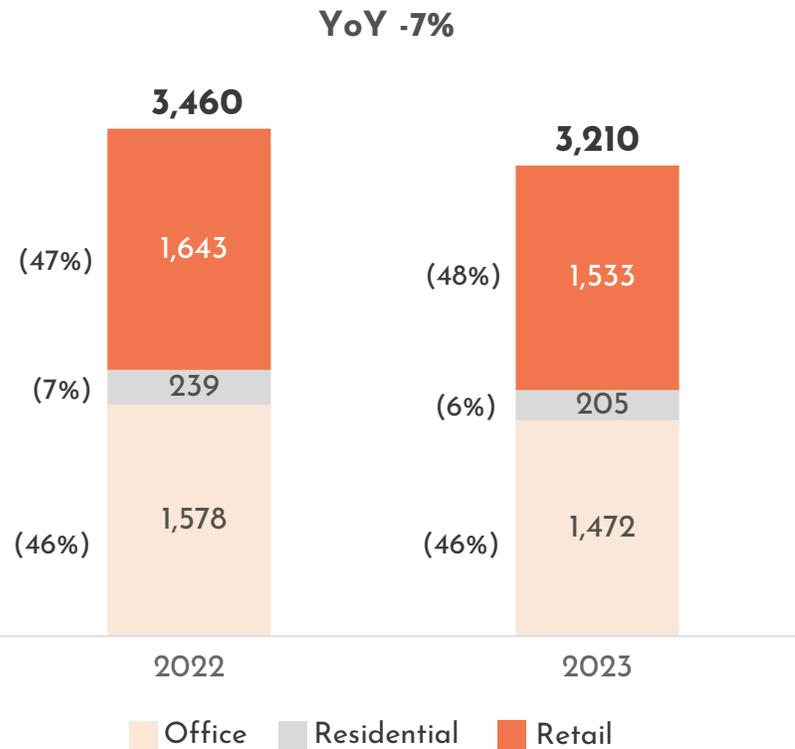


# Business and Operation Review

Executive Director and Chief Operating Officer  
Mr. Ricky Lui

# 2023 Annual Results

## Revenue (HK\$M)



## Year-end Occupancy

Retail	97% (2022 : 99%)
Office	89% (2022 : 90%)
Residential	60% (2022 : 61%)

Approximately 10% of our retail area were taken off for major enhancement which affected the retail revenue

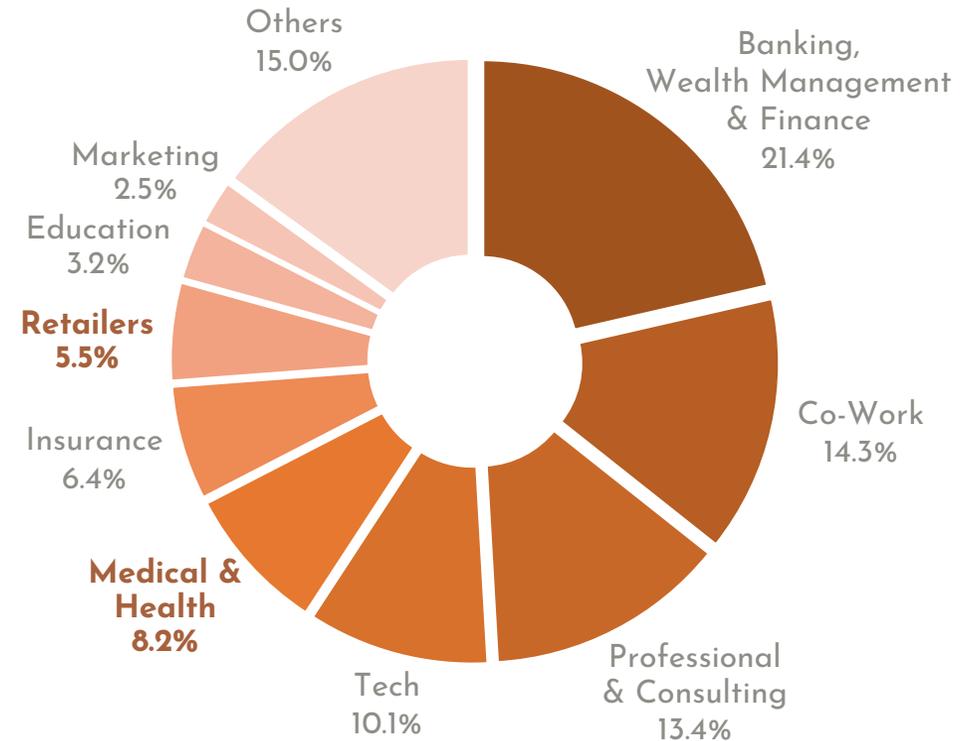
The office and residential sectors were still under pressure. Our dual-engine office and retail portfolio provides resilience and strength in the face of uncertainty

# Office

OCCUPANCY | **89%**

- With a slower-than-expected economic recovery, Hong Kong's office market remained weak
- Landlords defended occupancy with more flexible lease terms and enhanced rental incentives as increased supply came to market
- Lee Gardens' unique environment, convenience and strong retail connections appeal to sectors like high-end retail and medical and healthcare services

Office Tenant Profile by Area (2023 Year-end)



# Retail

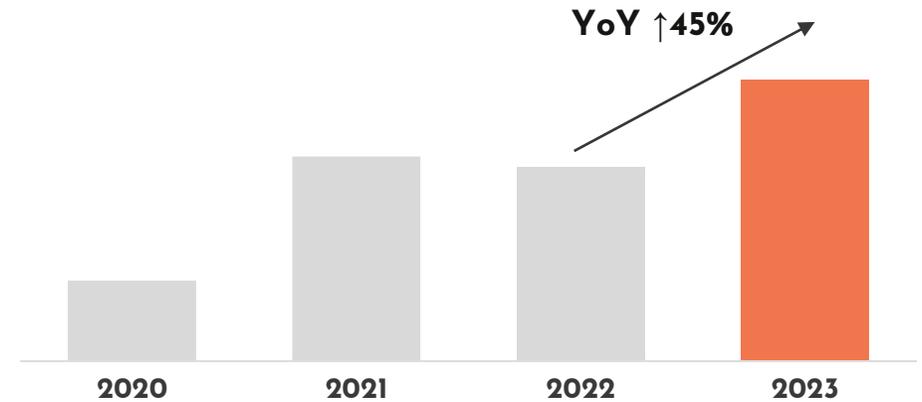
OCCUPANCY | **97%**

➤ Recovery was impeded by a challenging external environment and a strong Hong Kong dollar

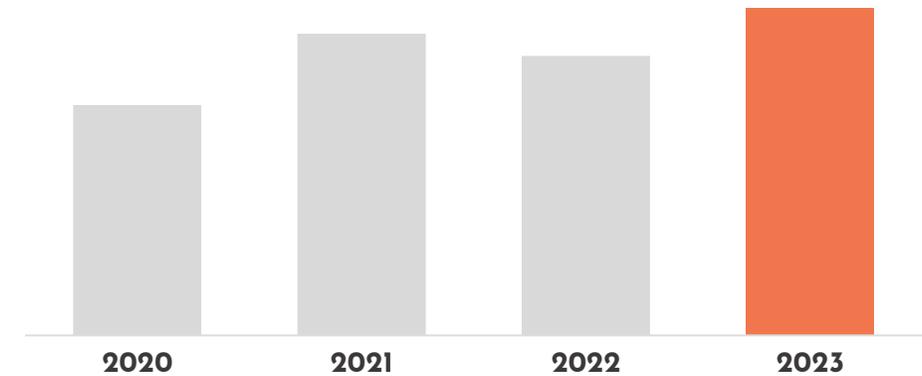
➤ Retail sector is undergoing a transformation  
➤ The focus of tourists has shifted from shopping to experience-based tourism

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

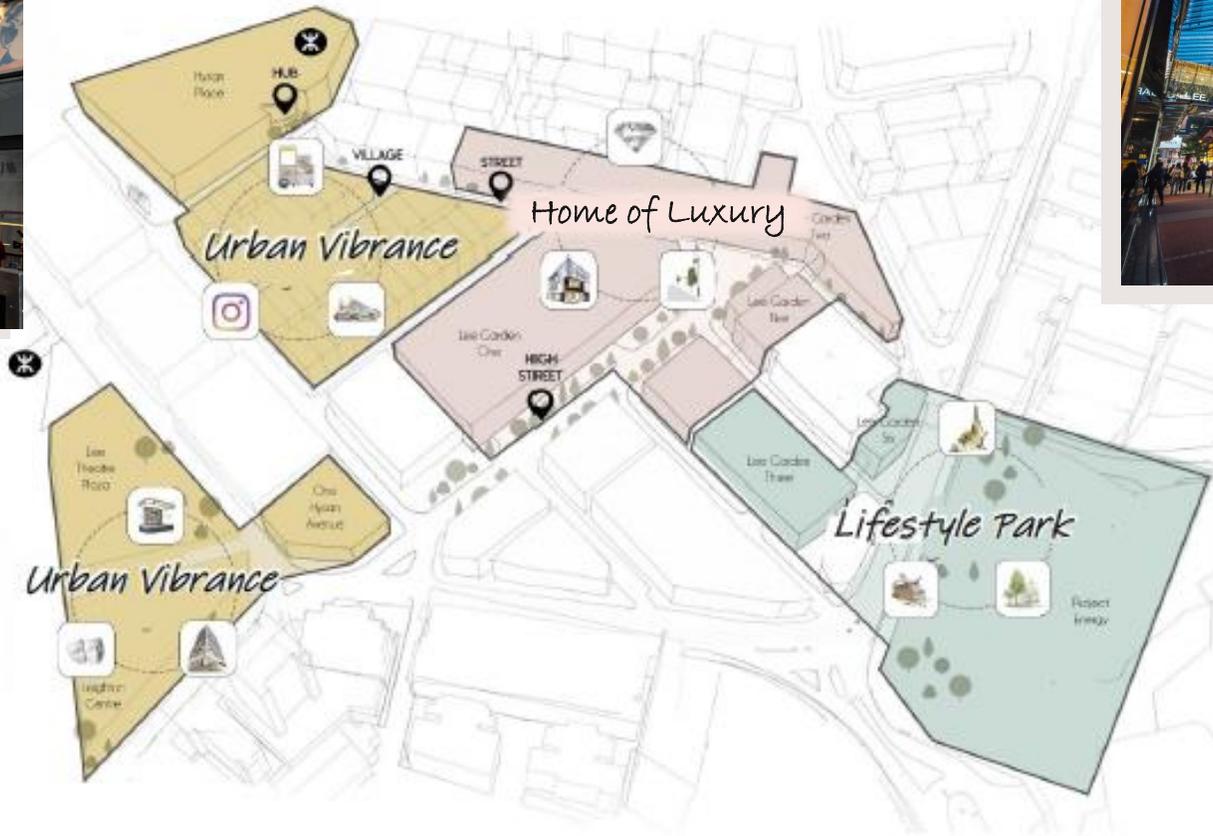
Turnover Rent Trend (2020 - 2023)



Hysan Tenant Sales Trend (2020 - 2023)



# Connect people and Curate Communities through diverse offerings



# Home of Luxury Flagships



## ***LEE GARDEN ONE***

- ≡ The arcade was unveiled in late 2023
- ≡ Renovations of key luxury anchor tenants' flagship stores will be completed in stages by 2024 and 2025

## ***LEE GARDEN FIVE***

- ≡ Entrance and office lobby refurbishment completed in mid-2023





## HYSAN PLACE

# #URBANHOOD

- ≡ Unveiled a brand-new lifestyle hub on the basement floors in late 2023
- ≡ Nearly 40 lifestyle, entertainment and F&B brands from various Asian cities, including some making their debut in Hong Kong
- ≡ Offers an engaging experience that caters to all generations



and more...

# Marketing Initiatives and Loyalty Programmes

Member Retention  
Resumed to pre-pandemic retention levels and increased CA sales

Unveiling of #UrbanPark and Playdot  
Skateboarding events at #UrbanPark and family fun at Playdot enhanced retail experience and appeal

Festive Boost for Tenants  
Seasonal décor and promotions increased footfall and tenant sales

Online/Offline channels  
Iconic Power Up campaign and collaboration with partners continued to gain traction



# Core Expansion and Pillar Updates



## **CAROLINE HILL ROAD**

Construction works are on track; Progressing as scheduled



## **LEE GARDENS SHANGHAI**

The enhancement work of the office tower was completed in 2023, with 30% occupancy



## **VILLA LUCCA**

1/4 of houses and apartments were sold or leased during the year

## **GBA FLEX**



Solution in new office ecosystem, showing good performance

## **NEW FRONTIER**



Demand for premium healthcare services is rising



# Sustainability

# Sustainability Performance (as at 31/1/2024)

## Benchmarking & Rating



GRESB  
★★★★☆ 2023

Remained 4-star



Hang Seng Corporate  
Sustainability Index  
Series Member 2022-2023

Remained AA



Remained A



Remained as Low Risk  
2024 ESG Top-Rated  
Companies List



FTSE4Good

Improved to 3.5 / 5

## Awards and Accolades



**HKMA Hong Kong  
Sustainability Award  
Organisation award winner  
(Large Organisations  
Category)**

Distinction Award



**HKIE The Excellent Building  
Award 2023  
Existing Building**

Grand Award - Revitalization  
project for Hysan Office  
Headquarter at Lee Garden One



**HKICPA Best Corporate  
Governance and ESG Awards  
2023**

Corporate Governance Awards  
(Non-Hang Seng Index Medium  
Market Capitalization Category)



**HKIRA 9th Investor Relations  
Awards 2023**

- Best IR Company
- Best Investor Presentation Material
- Best Annual Report
- Best ESG(S), and
- Best ESG(G)



**HKGBC Zero-Carbon Ready  
Building Certification Scheme  
(ZCRB)**

Both Hysan Place and Lee  
Garden One obtained the "Low"  
ratings via the Existing Building -  
EUI pathway

# Environment Performance (as at 31/1/2024)



↓ 38%

Carbon intensity  
(scope of 1 and 2)  
from baseline



↓ 21%

Reduction in purchased  
electricity intensity  
from baseline



over 2.7 mn sq. ft.

by GFA is  
green building certified



Committed

Science Based Target  
Initiative (SBTi)

# Promotes Green Mobility at Lee Gardens

Leveraging the Community Business Model, Hysan promotes green mobility in the Lee Gardens community

## The Largest EV Charging Hub on Hong Kong Island

- ≡ 160+ EV chargers now available in Lee Gardens
- ≡ Accelerating our green mobility journey by encouraging more drivers to switch to EVs



## Enhancing Connectivity and Accessibility

- ≡ A weather-proof pedestrian link system connecting the Lee Gardens in future





# Financial Management

Chief Financial Officer  
Mr. Roger Hao

# Financial & Capital Management

Shareholders'  
Fund

**HK\$ 67.2b**

NAV  
per share

**HK\$ 65.4**

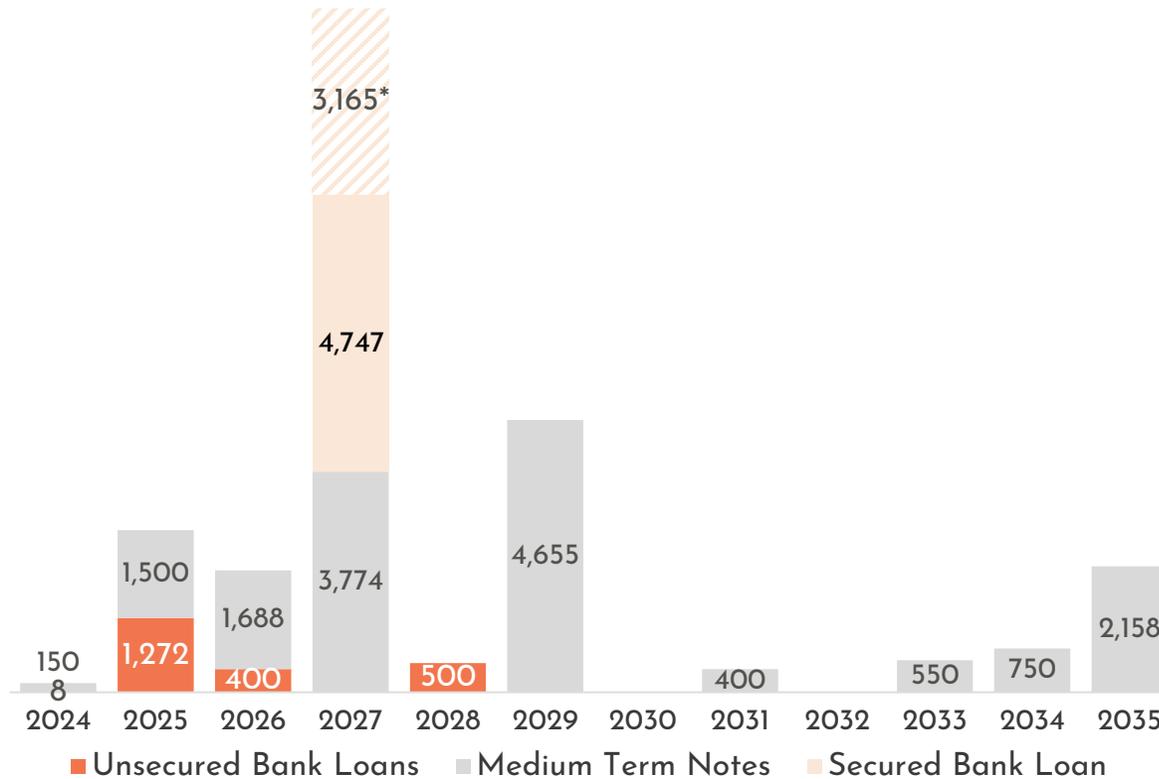
DPS

**HK\$ 1.08**

# Financial & Capital Management

## Debt Maturity Profile as at 31 Dec 2023

(HK\$ m)



\*40% of the secured bank loan is attributable to the minority interest in the CHR project.

## Key Financial Metrics

Net Gearing\*

**27.2%**

Effective Interest Rate

**4.2%**

Fixed Rate Debt Ratio

**62%**

Average Debt Maturity

**4.5 years**

Undrawn Committed Facilities

**HK\$ 11.4b**

Sustainable Finance

**49%**  
of total indebtedness

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

# Indicative Cap Rates

	31 Dec 2023	31 Dec 2022
Retail	5.25% - 5.50%	5.25% - 5.50%
Office	4.25% - 5.00%	4.25% - 5.00%
Residential	3.75%	3.75%



THANK YOU

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