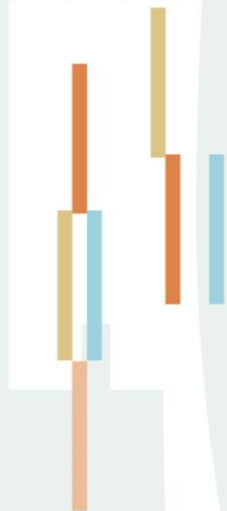


Hysan Development 2021 Interim Results Analyst Briefing

11 August 2021

 **Hysan** 希慎



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- 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

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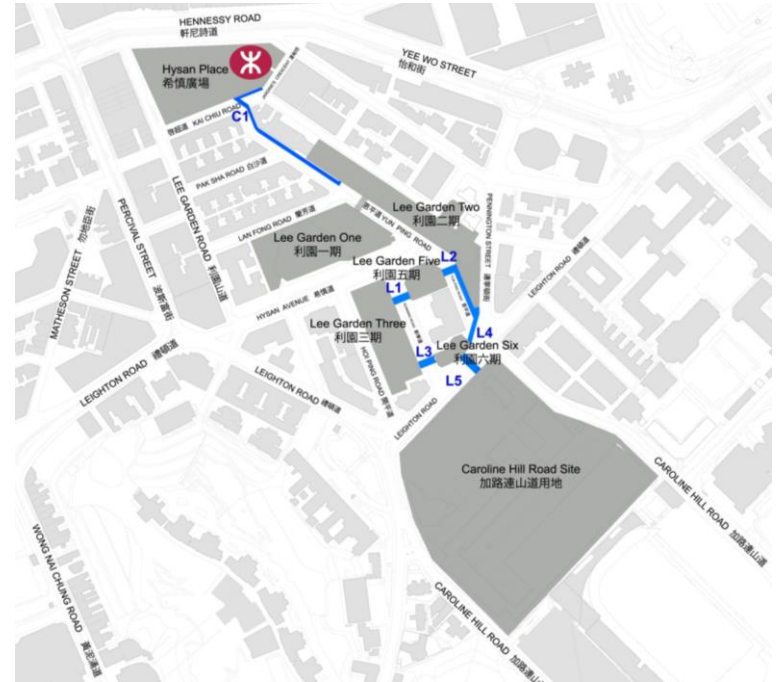
- In 1H 2021, Hysan's Turnover and Recurring Underlying Profit decreased YoY by 7.4% and 12.6% respectively
- Occupancies of Office and Retail portfolios were 95% and 97% on a committed basis respectively



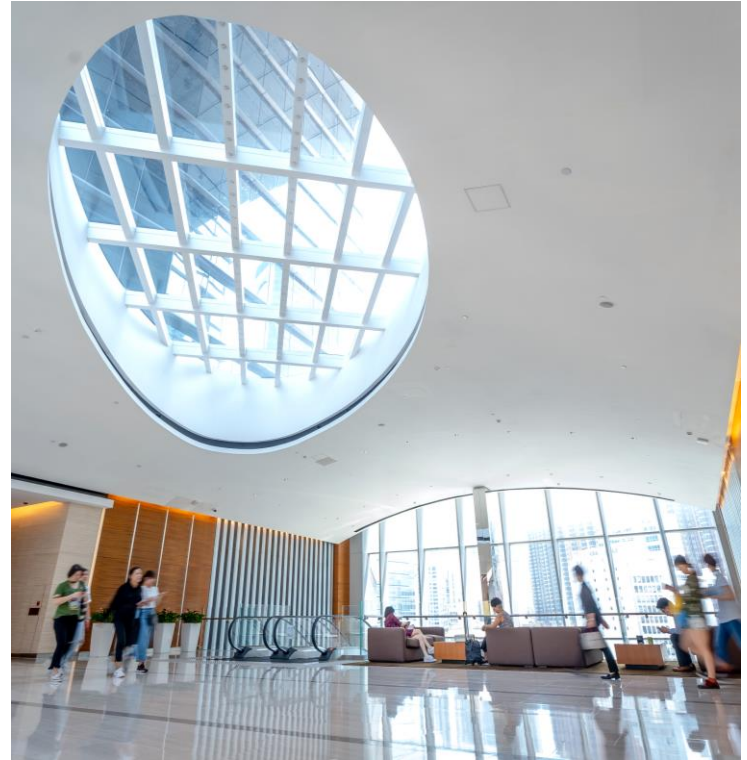
An Active 2021 for Hysan

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- 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



- 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)

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- 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

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- 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



- 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



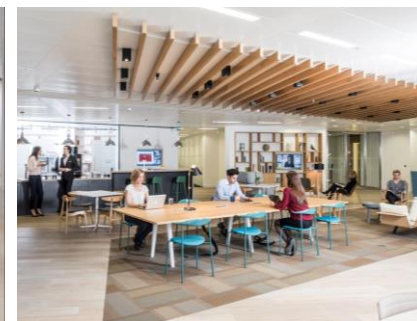
- Lee Gardens portfolio will continue to be our core business
- Well prepared to build for the future which will complement and extend our reach
- Forms JV with IWG to operate co-work/flex centres in the Greater Bay Area including Hong Kong
- Flex will form part of the office ecosystem after emergence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



A New Venture in Flex (con't)

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- 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



- 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



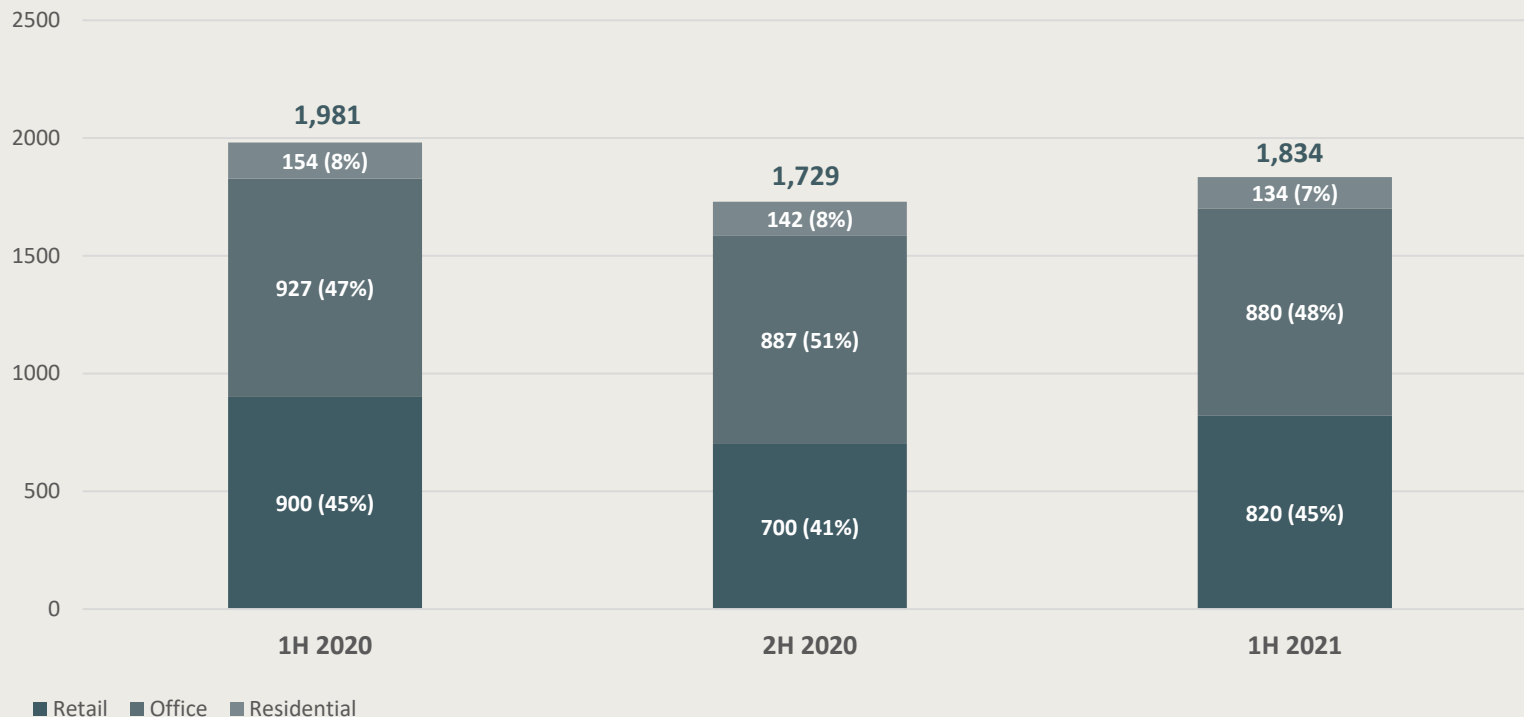
1H 2021 Results Highlights

	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

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Turnover (HK\$'M)

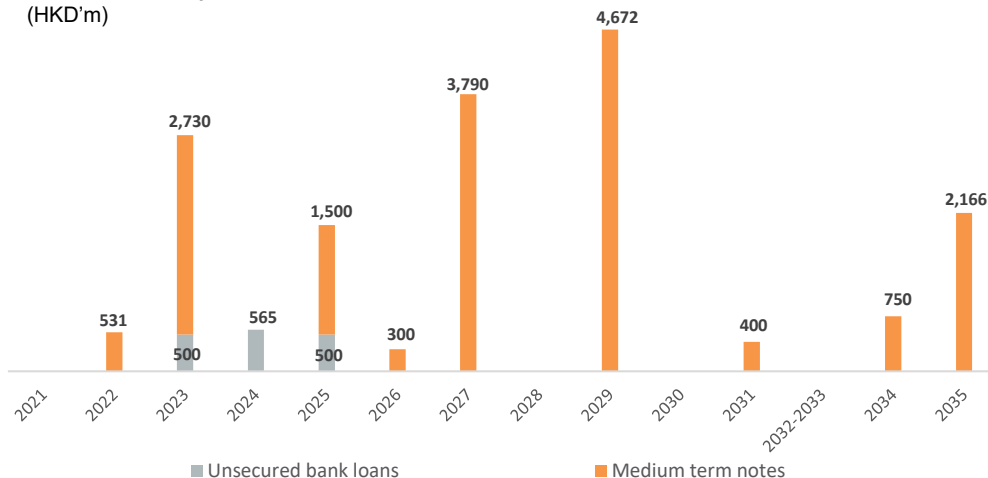


Strong Financial Position & Ample Liquidity

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Debt Maturity Profile as at 30 June 2021

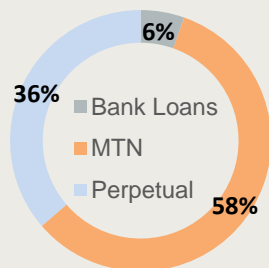
(HKD'm)



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

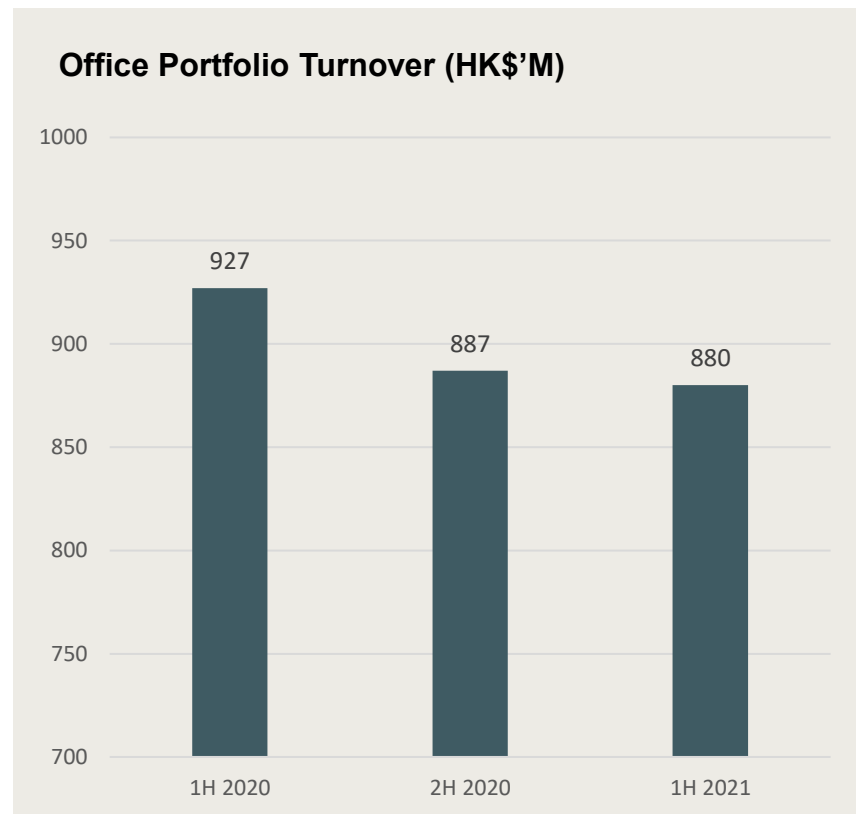
Indicative Cap Rates

	30 Jun 2021	31 Dec 2020
Retail	5.25% - 5.50%	5.25% - 5.50%
Office	4.25% - 5%	4.25% - 5%
Residential	3.75%	3.75%

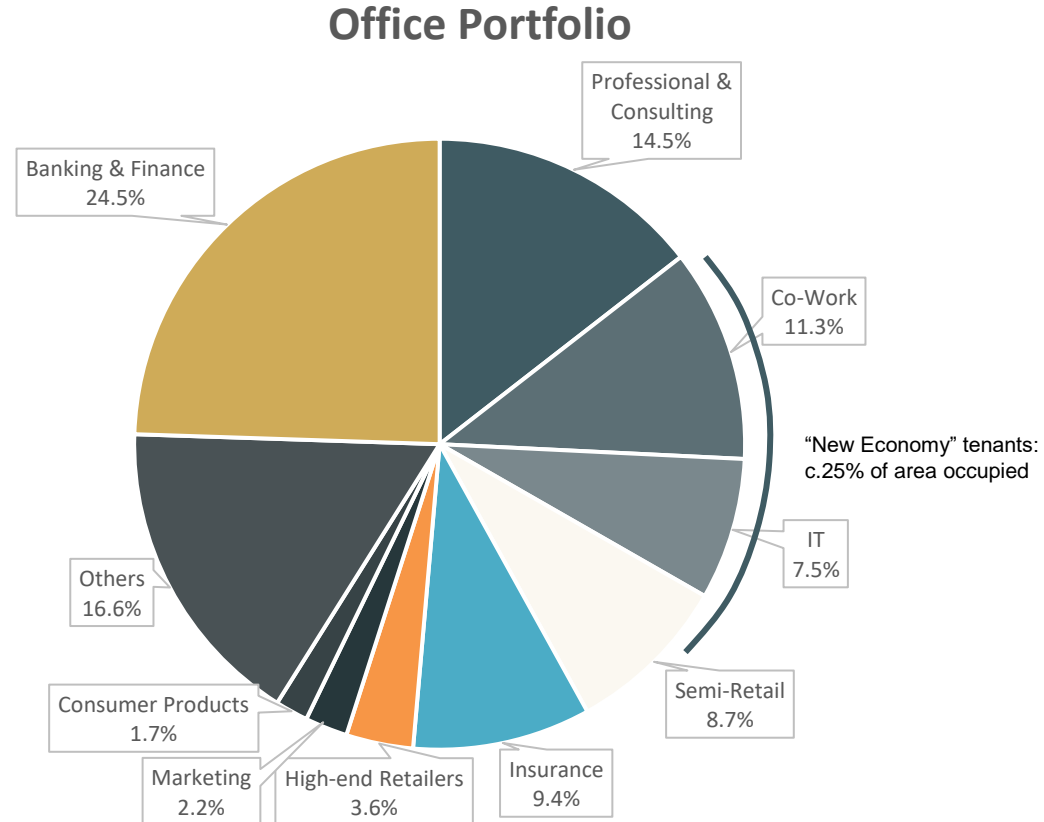
1H 2021 Performance: Office Portfolio

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- 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

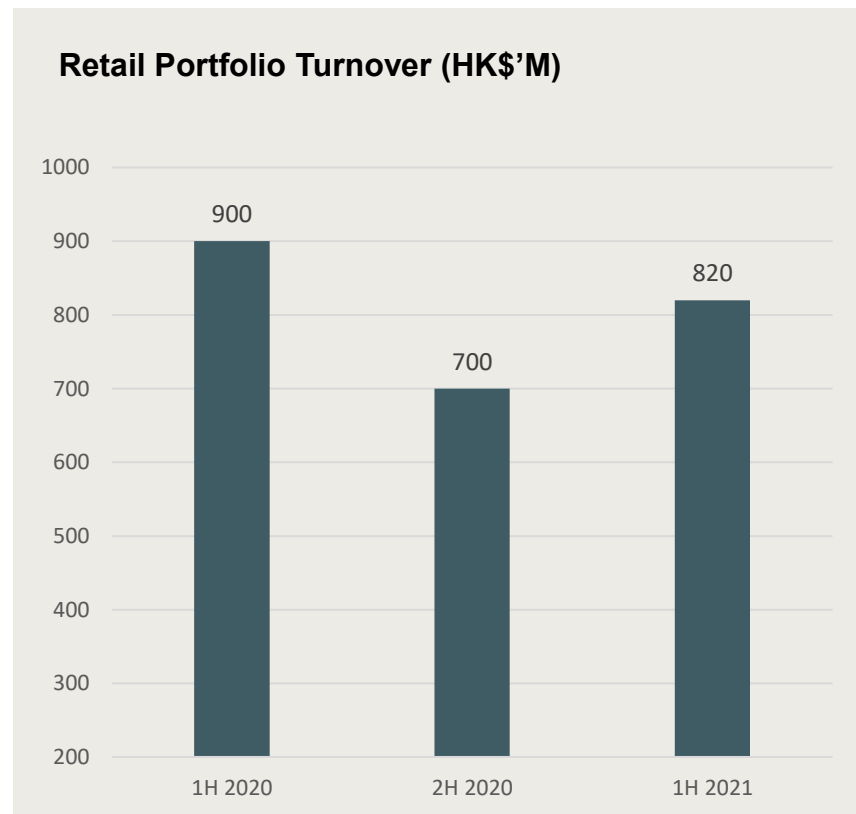


- Balanced portfolio with different industries represented
- Lee Gardens as a preferred location for banking and finance, new economy and personal services further reinforced
- Solid demand from “New Economy” tenants : c.35% of new office leases in 1H 2021 by area



1H 2021 Performance: Retail Portfolio

- 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



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

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- 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%

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

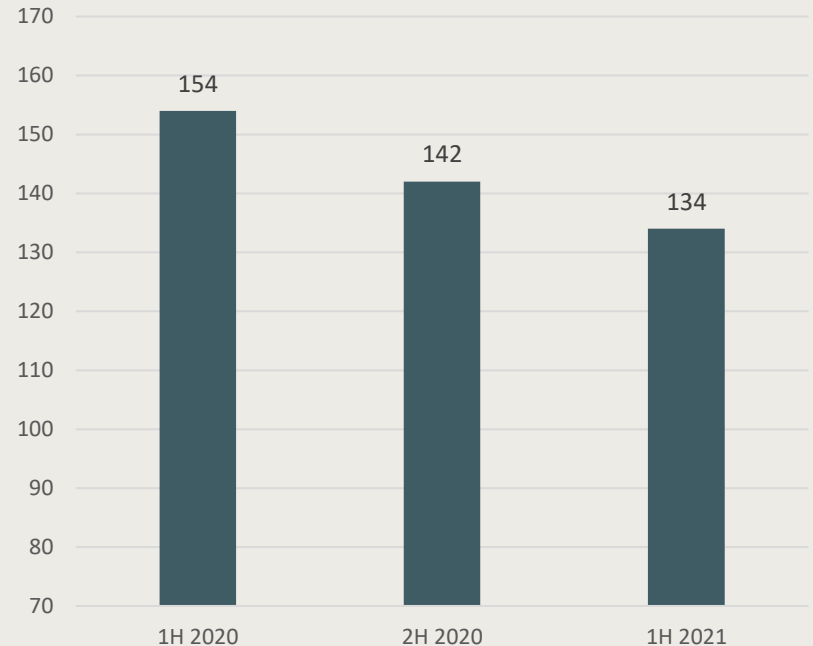


1H 2021 Performance: Residential Portfolio

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- 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)



- 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

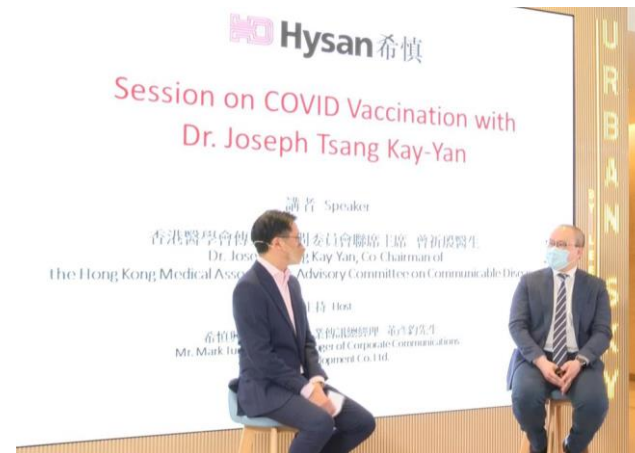
- Tai Po residential project's target completion date: early 2022
- Sales launch also targeted for early 2022



- 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

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