

Hysan Development 2023 Interim Results Analyst Briefing

10 August 2023

 **Hysan** 希慎



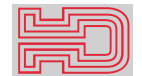
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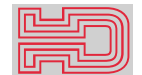




Market Overview

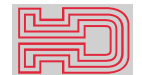
Global Economic Uncertainties

- ❑ **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

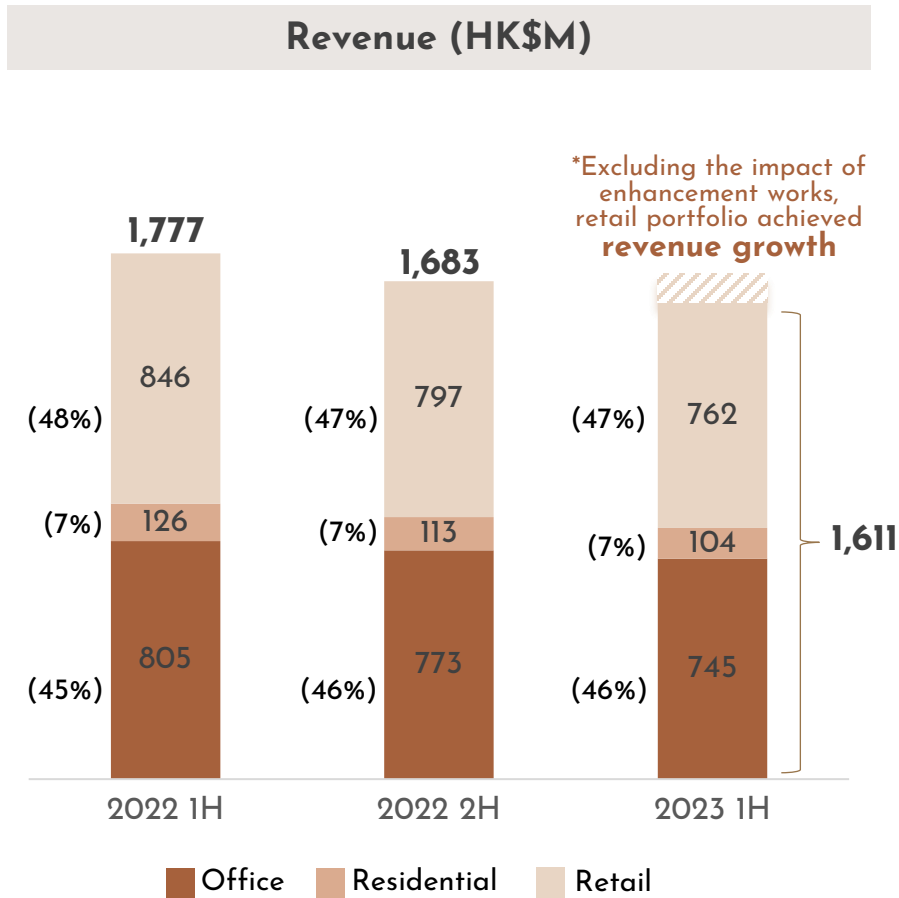
- ❑ **Year-on-year GDP growth resumed**
- ❑ **Labour market continued to improve**
 - ❖ Unemployment rate dropped to 2.9%
- ❑ **Hong Kong retail sales in 1H increased by 20.7% year-on-year**
- ❑ **The increasing inbound tourism numbers and the further resumption of economic activities will help to revive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





Business & Operation Review

2023 Interim Results



Period-end Occupancy

Retail 98% (2022 Dec : 99%)

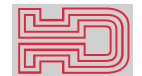
Office 89% (2022 Dec : 90%)

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



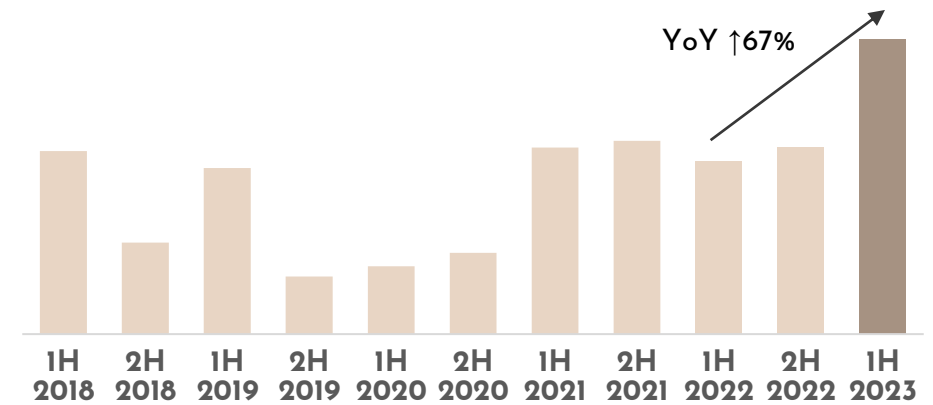
Retail

OCCUPANCY
as at June 30

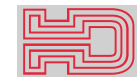
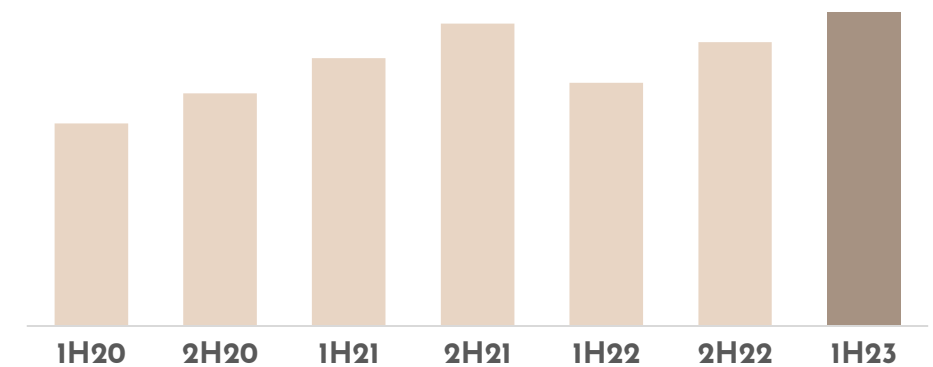
98%

- 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



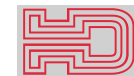
The Trendsetter Visitors & General Shoppers



Home of Luxury & Flagships High Spenders with Drivers



The Green Centric Young Families



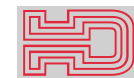
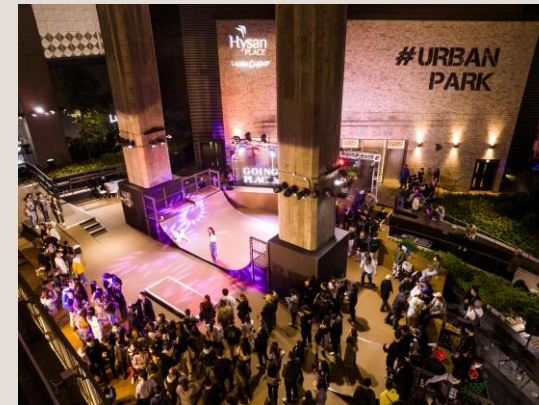
Lee Gardens Rejuvenation

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

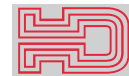
HYSAN PLACE

- ❑ 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%

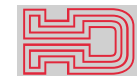
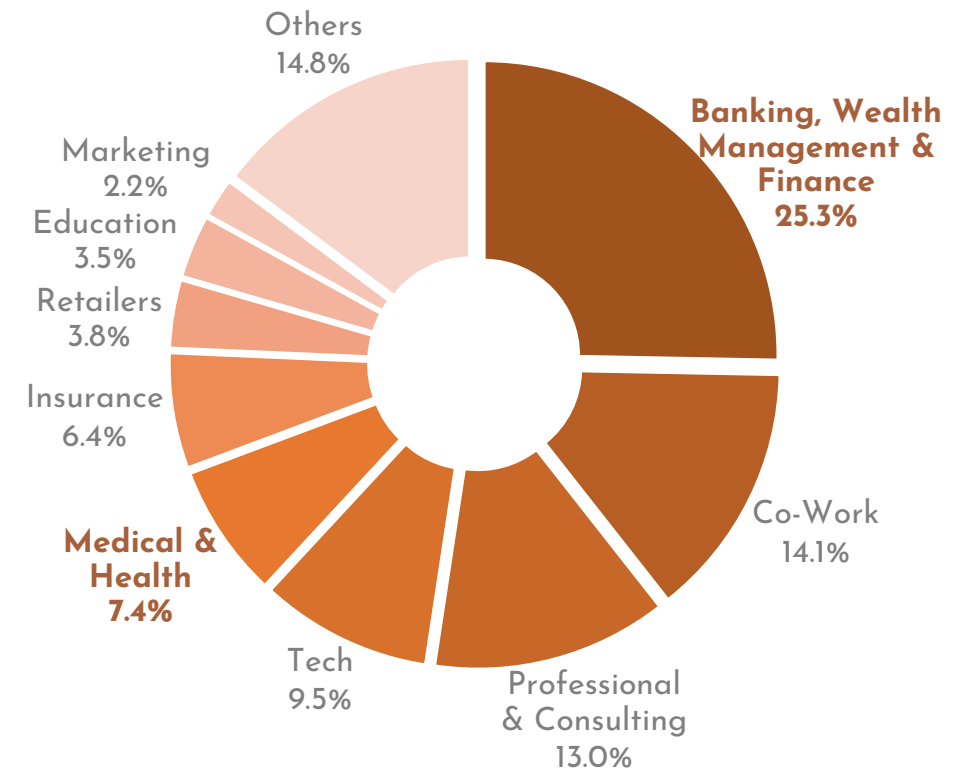
Full Range Offerings

- ❖ 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

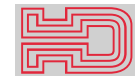


- ❑ Certificate of Compliance in Q1
- ❑ Both transaction price and unit rate achieved new records

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

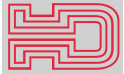
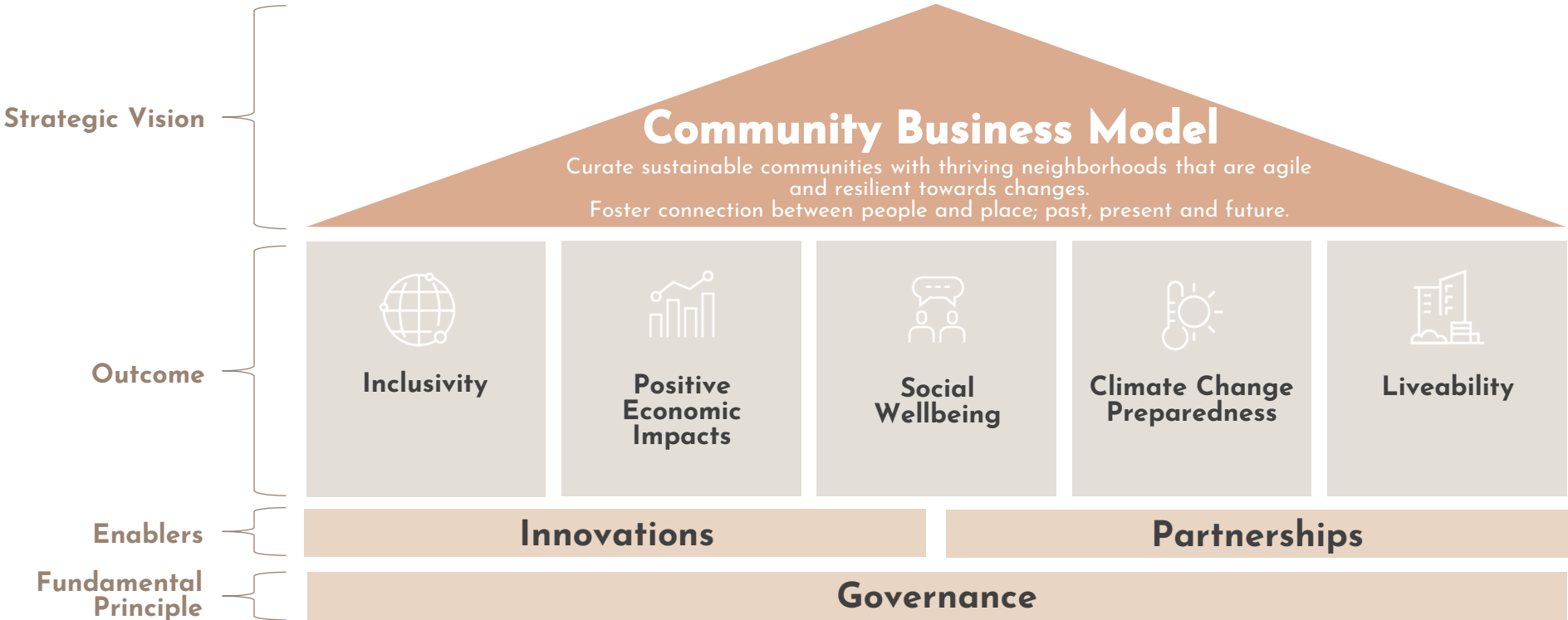




Sustainability Highlights


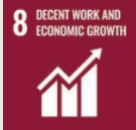


Sustainability Commitment

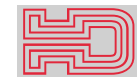
- ❑ Board-level Sustainability Committee was established since 2020
- ❑ Community Business Model



Sustainability Commitment

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

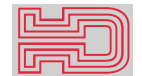
UNSDGs	Hysan’s contribution towards achieving the respective UNSDGs
 <p>3 - Good Health and Well-being</p>	<ul style="list-style-type: none"> □ Promote community wellness and resilience, health and safety via various programmes and activities to stakeholders of the community. □ Set out and maintain comprehensive management measures to provide a safe and healthy environment for our staff at work and our community to live.
 <p>8 - Decent Work and Economic Growth</p>	<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.
 <p>11 - Sustainable cities and communities</p>	<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.
 <p>17 - Partnerships for the goals</p>	<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



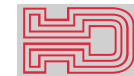
Green Council's UNSDG Achievement Awards Hong Kong 2022

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%*)

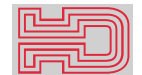
NAV
per share

HK\$ 66.9 (- 2.2%*)

DPS

HK 27 cent (flat)

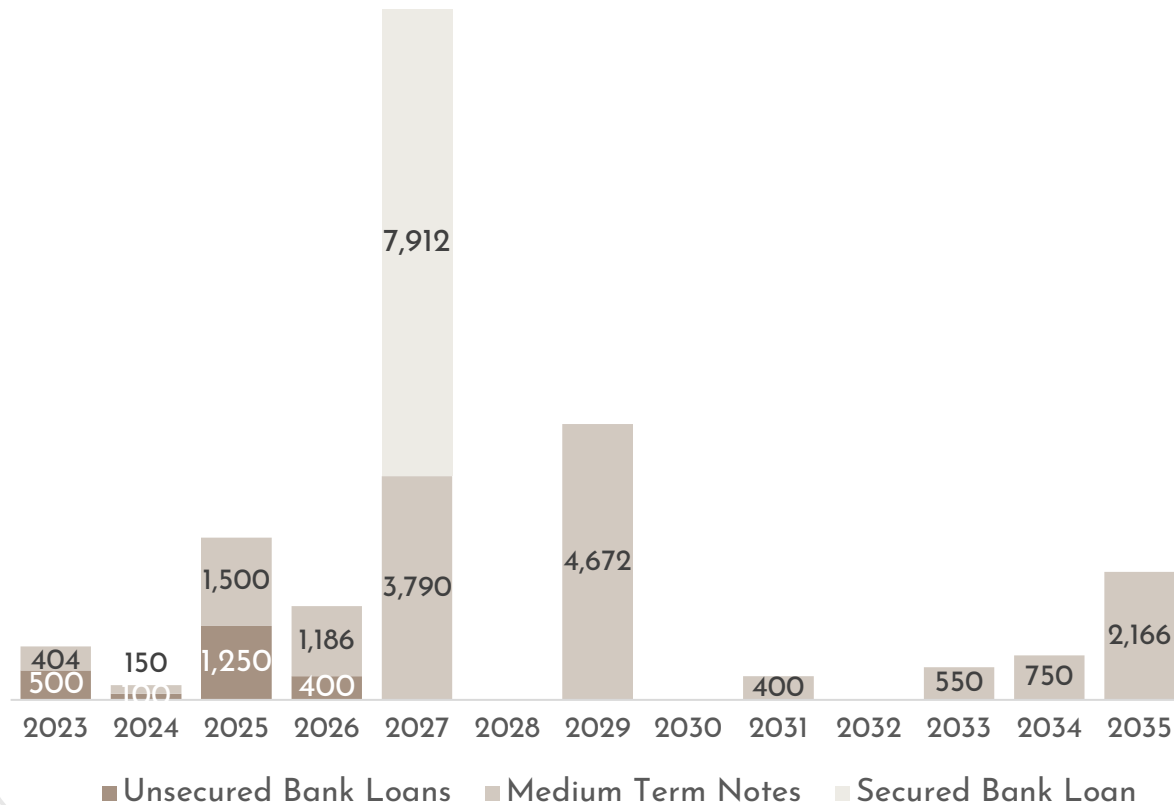
(*from 31 Dec 2022)



Financial & Capital Management

Debt Maturity Profile as at 30 Jun 2023

(HKD'm)

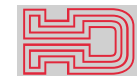


Liquidity Management

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

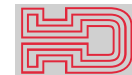
<i>Net Gearing*</i>	25.9%	<i>Effective Interest Rate</i>	3.9%
<i>Fixed : Floating**</i>	76% : 24%	<i>Average Debt Maturity</i>	4.8 years

Credit Ratings

<i>Fitch</i>	A-	<i>Moody's</i>	Baa1
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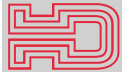
*Net gearing is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

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



Indicative Cap Rates

	30 Jun 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