

2019 ANNUAL RESULTS



Steady Growth Achieved Amid Market Challenges

FY 19 Financial Highlights

Total Rental Income

HK\$mm

2,778

↑ 3.8% Y/Y

Net Property Income

HK\$mm

2,481

↑ 3.1% Y/Y

Distributable Income

HK\$mm

1,648

↑ 2.3% Y/Y

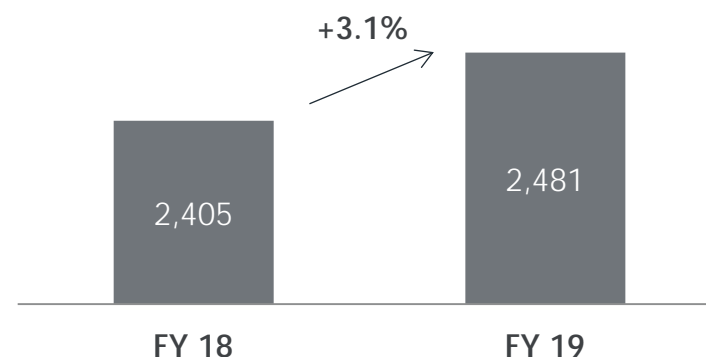
Distribution per Unit

HK\$

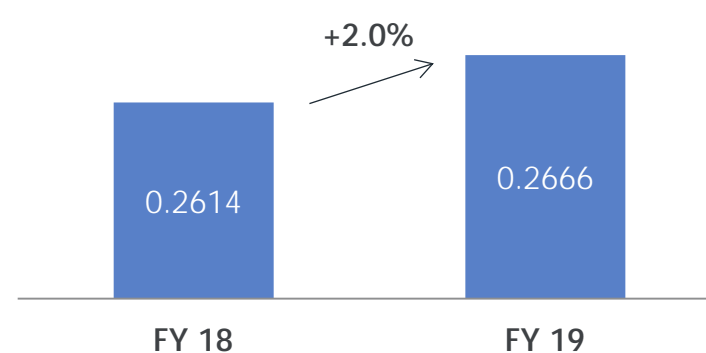
0.2666

↑ 2.0% Y/Y

Net Property Income (HK\$mm)

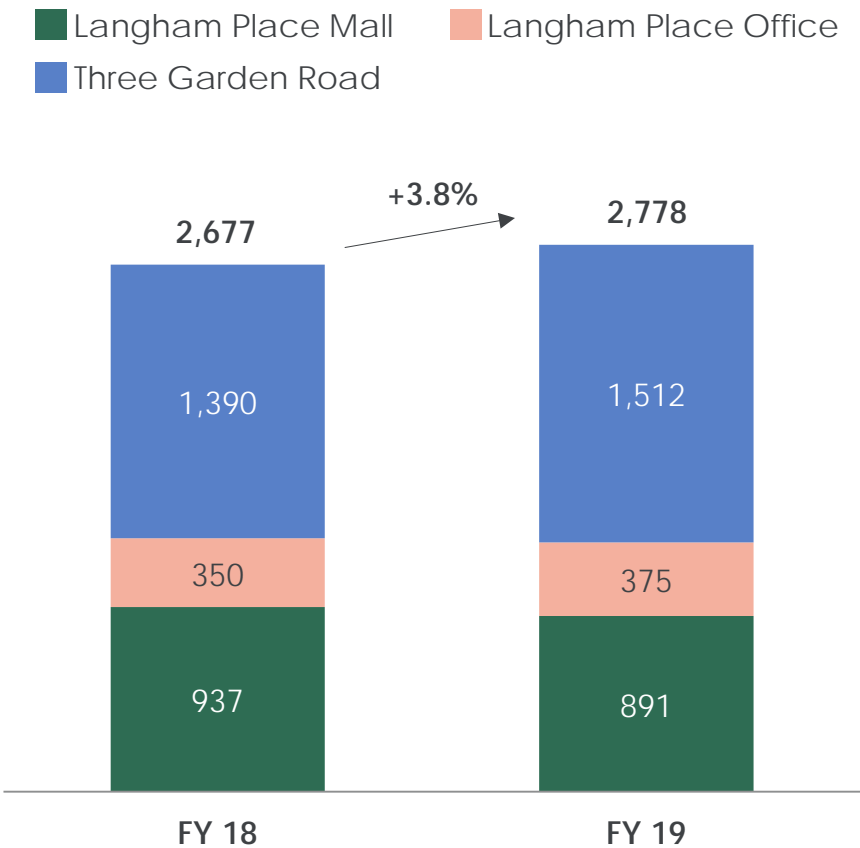


Distribution per Unit (HK\$)

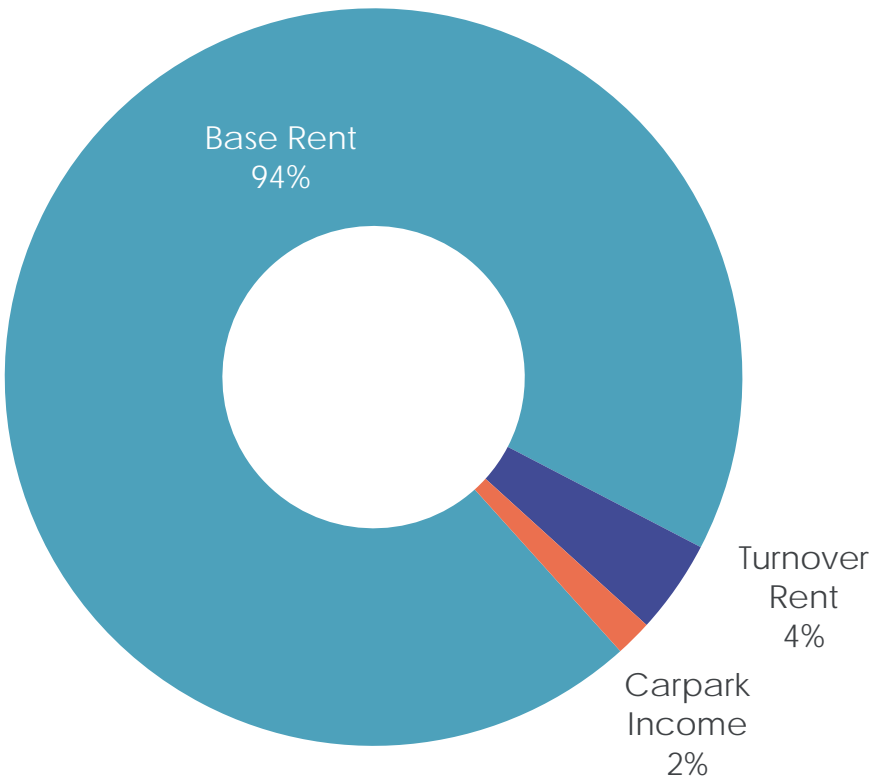


Office Portfolio Drove Rental Income Growth

Breakdown of Rental Income by Property (HK\$mm)



Breakdown of FY 19 Rental Income by Income Type (%)



Resilient and Conservative Valuation

- Net Asset Value per Unit as at 31 Dec 2019: \$11.04

Three Garden Road

Valuation: \$48.5 bn

Value psf (gross):

- Office: \$29,679

Cap Rate:

- Office: 3.60%

(No change from June 2019)



Langham Place

Valuation: \$32.6 bn

- Office: \$10.4 bn
- Retail: \$21.5 bn

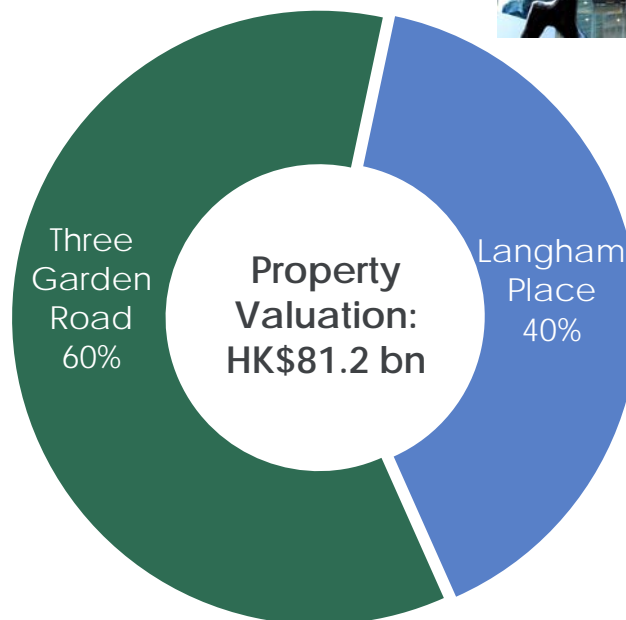
Value psf (gross):

- Office: \$14,835
- Retail: \$36,532

Cap Rate:

- Office: 4.00%
- Retail: 3.75%

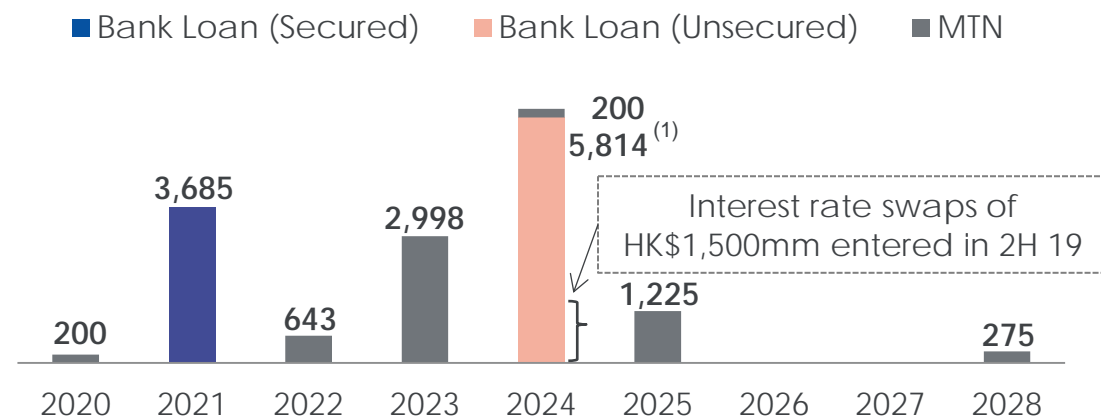
(No change from June 2019)



Note: All figures are stated in HK Dollars.

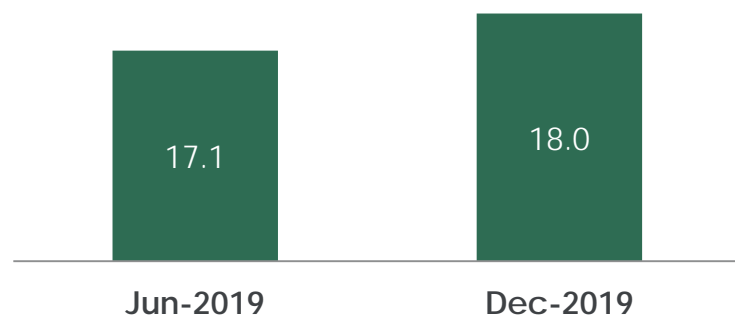
Prudent Balance Sheet

Debt Maturity Profile as at 31 Dec 2019 (HK\$mm)

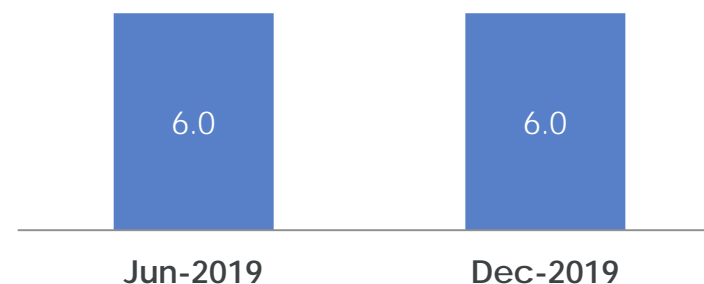


- FY 19 effective interest rate: 3.0%
- Current fixed-rate portion at 64.2% (2018: 54.2%)
- Plan to increase war chest by entering into new committed and uncommitted loan facilities

Gearing Ratio (%)



Net Debt / EBITDA (x)



Note (1): Including HK\$850 million committed revolver with final maturity in June 2024

An artistic, painterly rendering of the Three Garden Road building. The building is a tall, modern skyscraper with a curved facade and a grid of windows, shown in shades of blue and green. It stands on a hillside with a lush green lawn and a path leading up to it. In the foreground, there are vibrant pink and yellow flowers. The overall style is soft and artistic, with a hazy, dreamlike atmosphere. The text 'Three Garden Road' is written in a large, green, sans-serif font on the right side, and 'THREE GARDEN ROAD CENTRAL' is written in a smaller, white, sans-serif font on the left side, near the base of the building.

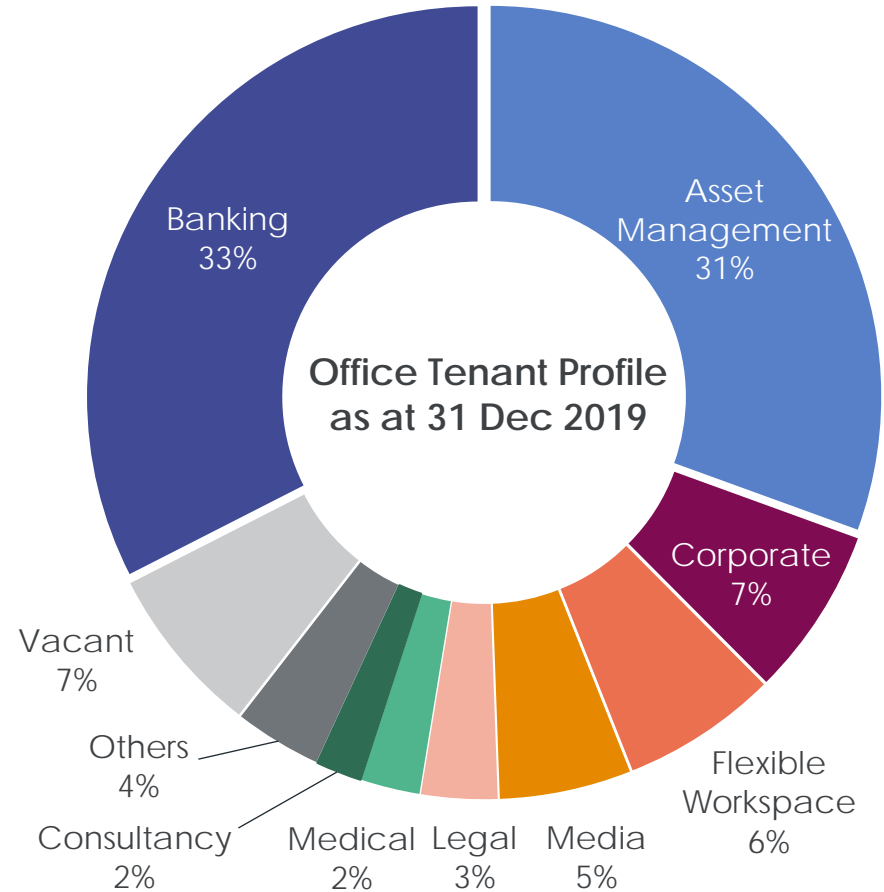
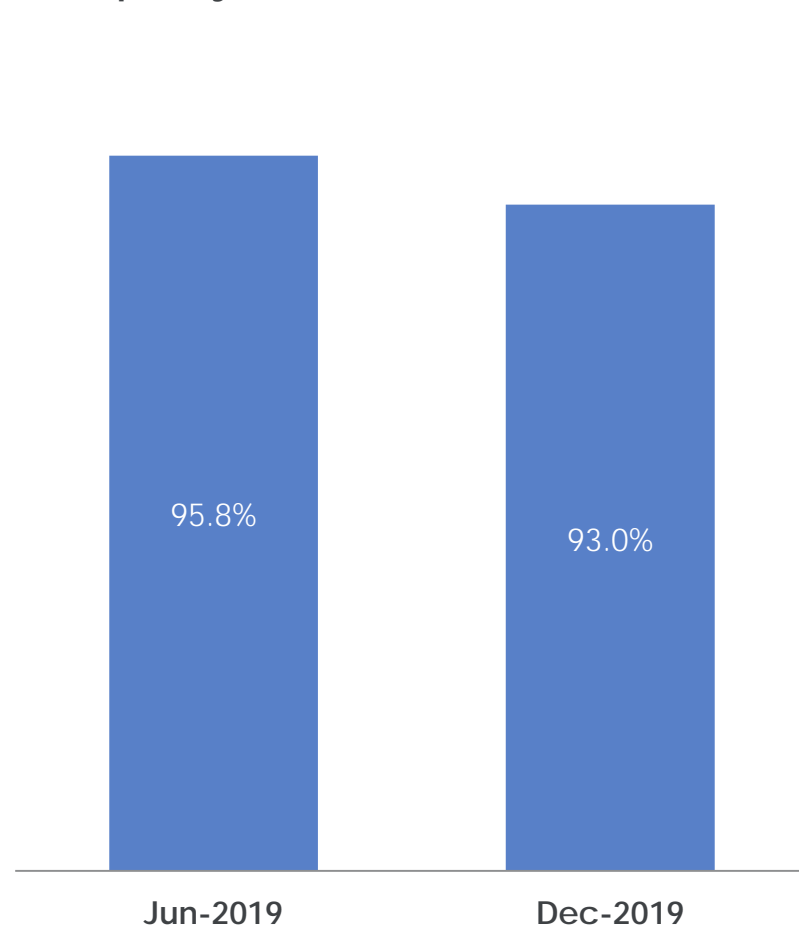
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Three Garden Road

THREE
GARDEN
ROAD
CENTRAL

Three Garden Road Office Occupancy Affected by Prudent Approach of Tenant Expansion

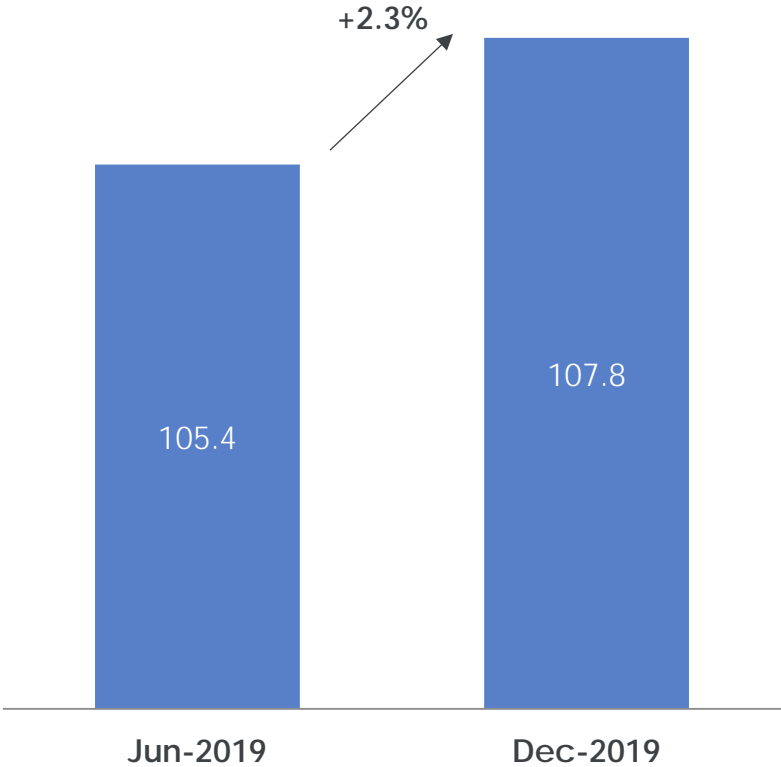
Occupancy Rate as at 31 Dec 2019



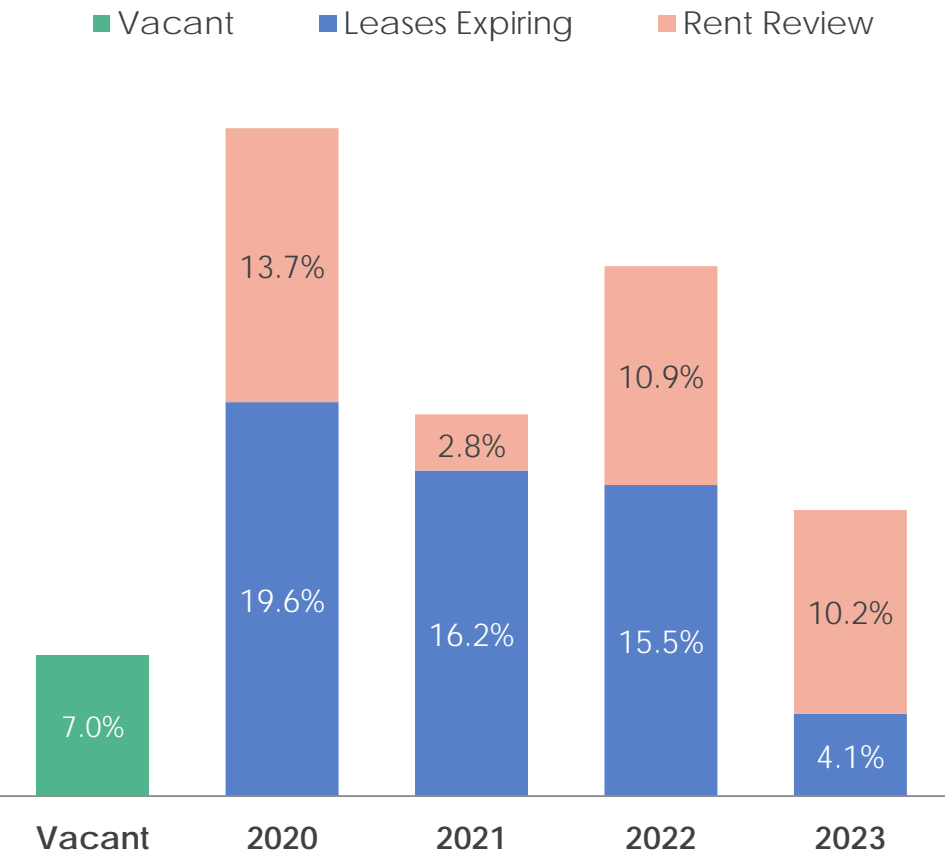
Three Garden Road Office

Positive Rental Reversion Achieved

Passing Rents as at 31 Dec 2019
Effective Rent per sq. ft. (Lettable) (HK\$)



Lease Expiry as at 31 Dec 2019



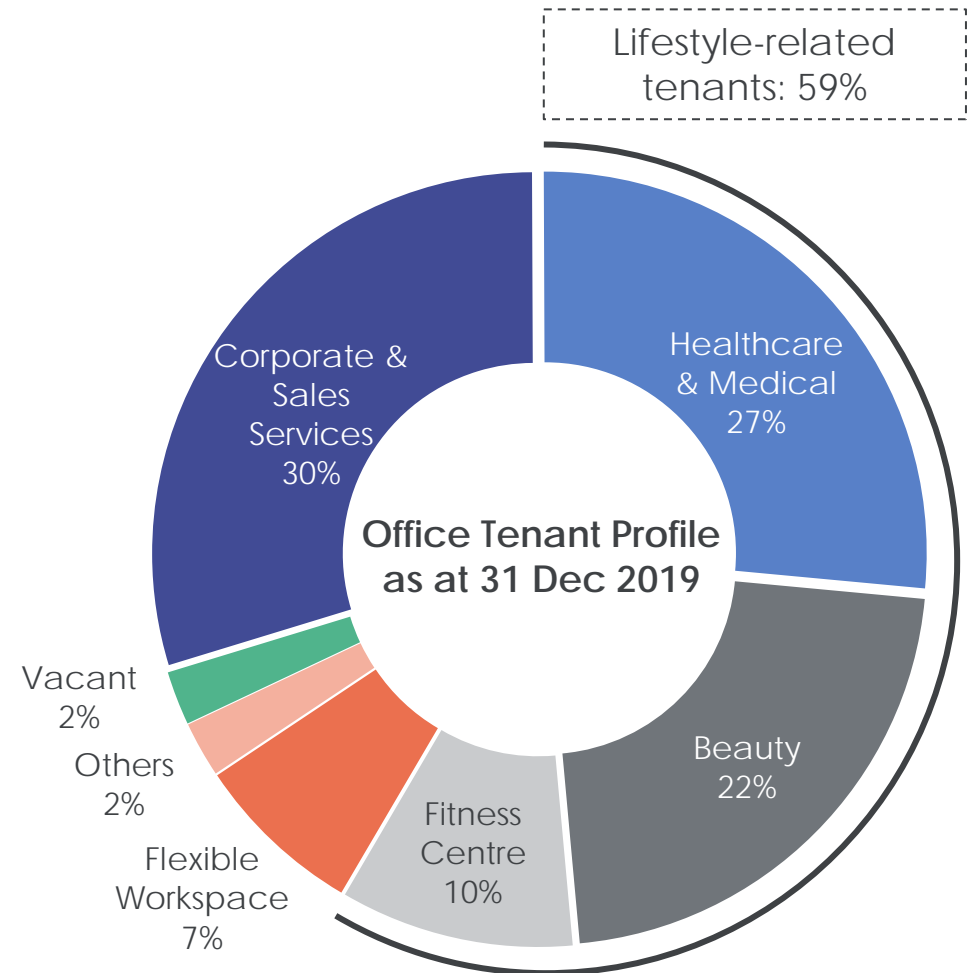
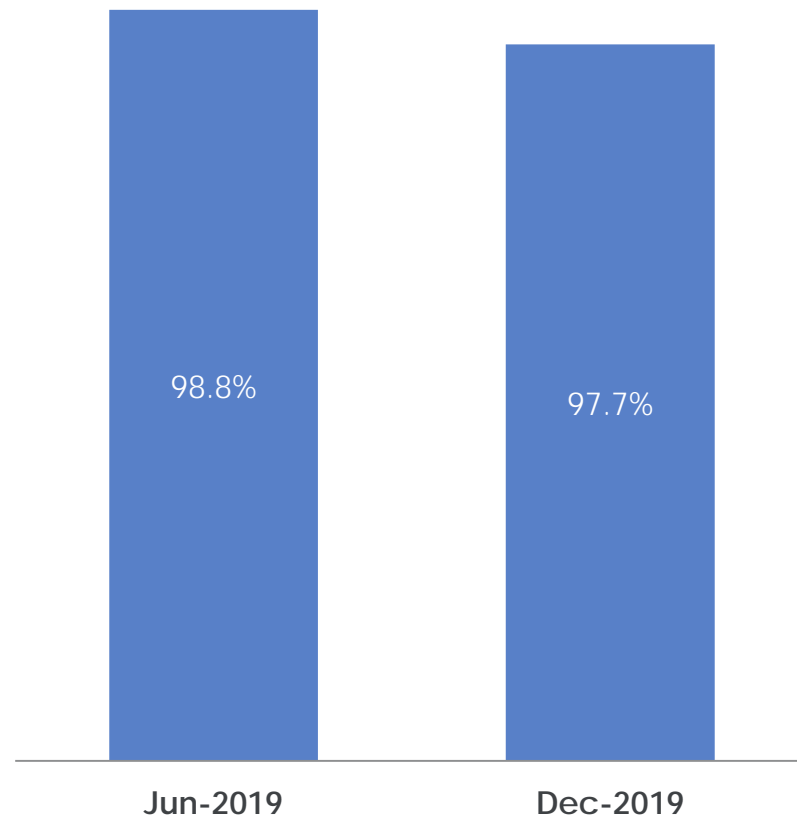
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Langham Place Office



Langham Place Office Maintained High Occupancy

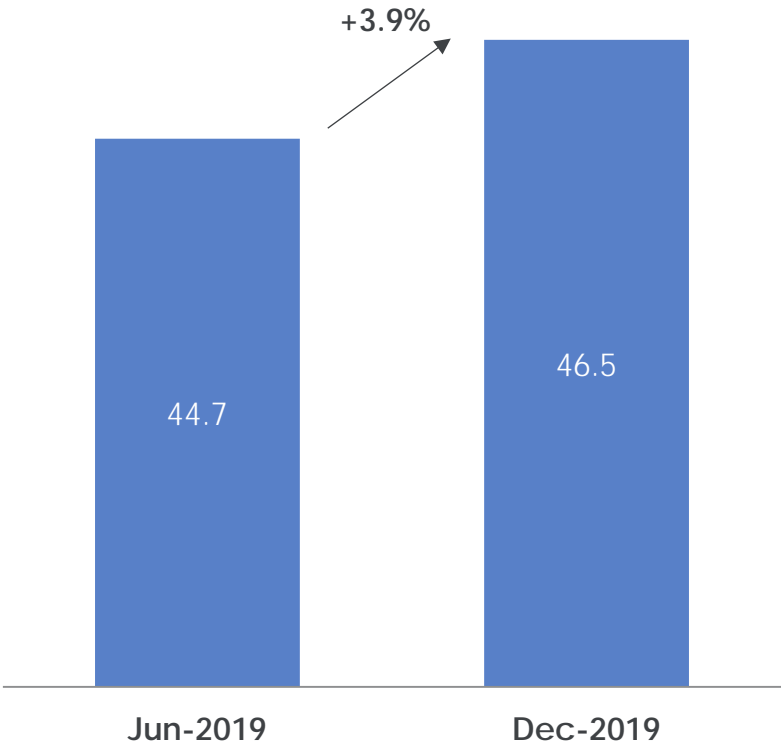
Occupancy Rate as at 31 Dec 2019



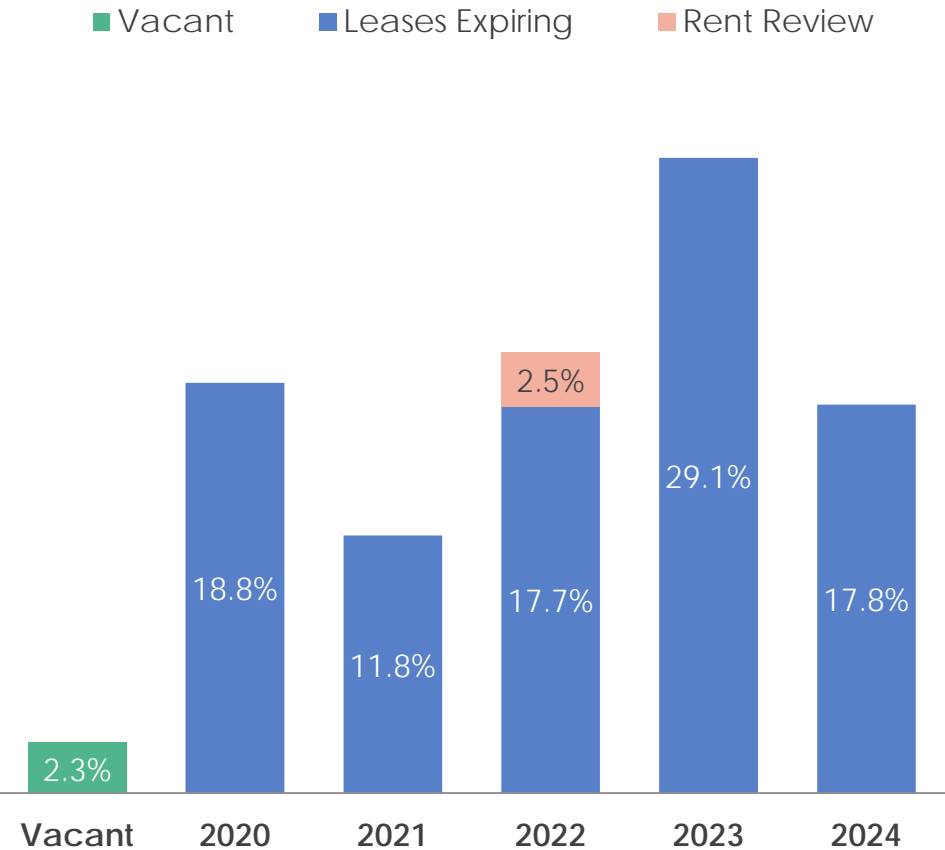
Langham Place Office

Lifestyle Tenants Drove Positive Rental Reversion

Passing Rents as at 31 Dec 2019
Effective Rent per sq. ft. (Gross) (HK\$)



Lease Expiry as at 31 Dec 2019



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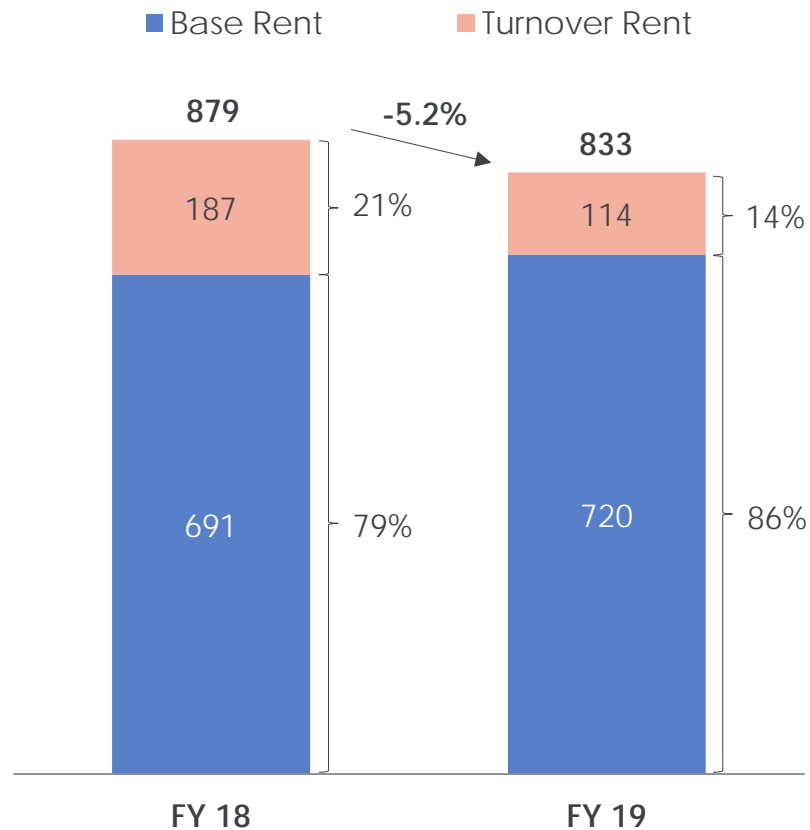
Langham Place Mall



Langham Place Mall

Lower Rental Income on Deteriorated Retail Market

Breakdown of Base Rent and Turnover Rent (HK\$mm)

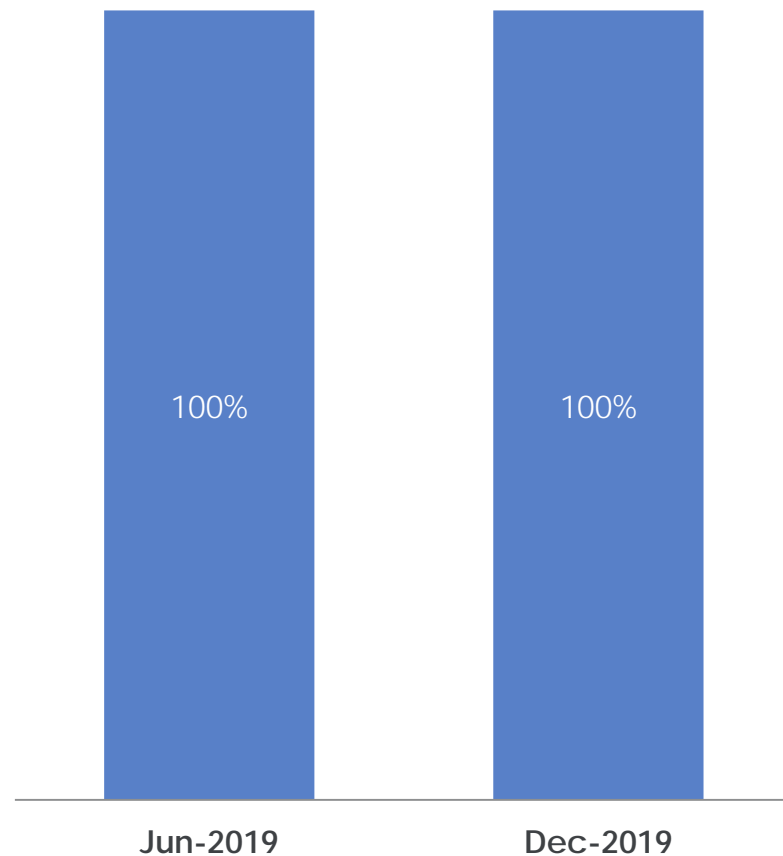


- Rent-to-sales increased to ~22%
- Mall sales down 19.4% in 2019, dampened the turnover rent portion
- Rental concessions were granted to tenants on a case-by-case basis

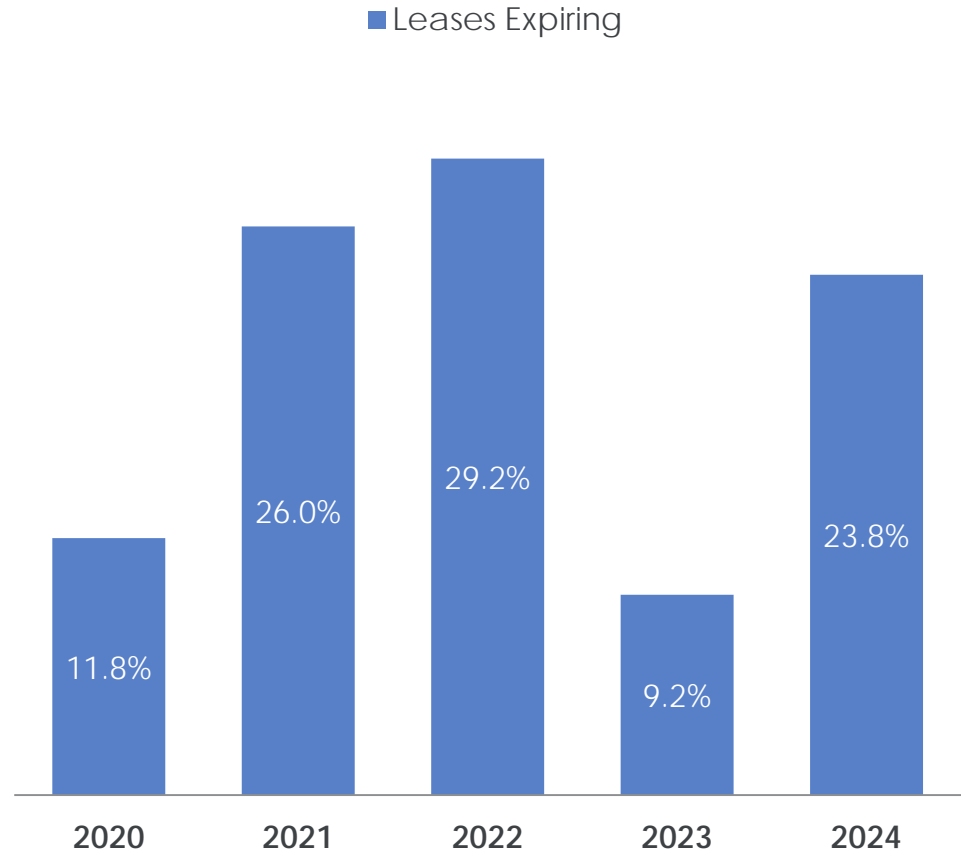
Langham Place Mall

Fully-Occupied Mall Despite Sluggish Market Conditions

Occupancy Rate as at 31 Dec 2019



Lease Expiry as at 31 Dec 2019



Langham Place Mall

Ongoing Active Tenant Management

Continuous Efforts in Bringing New Tenants

F&B and Confectionary



Health & Beauty

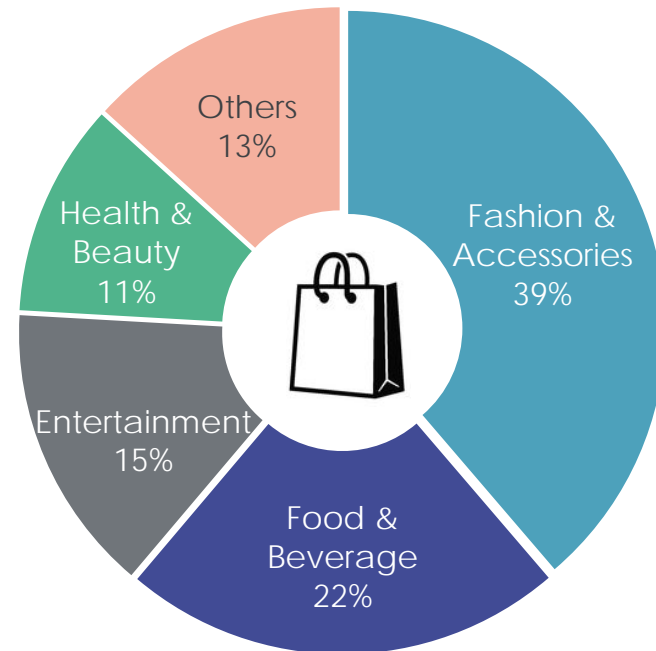


Others

CHARLES & KEITH



Retail Tenant Profile as at 31 Dec 2019



Langham Place Mall

Optimization of Tenant Mix for Low Zone

- Beauty tenants increased from 10% to 11% in Dec 2019, and will reach 12% in 2020

Before

Some of the shoes & bags tenants being relocated or replaced



After

New beauty / skincare stores extended on B1/F to cater strong market demand



Sustainability Achievements

Renowned Sustainability Awards

The Chamber of Hong Kong Listed Companies

- Award for Sustainability Excellence



Hong Kong Management Association

- Hong Kong Sustainability Grand Award
- Special Recognition for Outstanding Sustainability Initiatives (Social & Environmental Dimensions)



Green Buildings

WELL **Platinum** for Three Garden Road

- First “existing” building in HK to achieve the highest rating



BEAM Plus **Platinum** for Langham Place Mall



2030 ESG Targets

Environment

- **Energy and carbon emissions:** 40% ↓
- **Water:** 25% ↓
- **Waste:** develop a waste tracking system
- **Climate change:** develop Resilience Policy and mitigation plan
- **Green buildings:** attain highest rating of green building certifications

Social

- **Well-being:** maintain IAQ Excellence Class every year
- **Training and development:** 50% ↑ average training hours
- **Health and safety:** maintain zero fatality and work injuries
- **Stakeholder engagement:** 50% ↑ resources devoted
- **Community investment:** 25% ↑ volunteer service hours
- **Diversity and inclusion:** awareness trainings and sharing

Governance

- **Board:** formally set up Nomination Committee
- **ESG Policy:** establish integrated ESG Framework and Policies
- **Supply chain management:** develop green procurement system



Sustainability Initiatives

Champion Our Wellness

- Staircase art – Walk a Mile for a Smile
- Mindful eating experience – reducing stress and anxiety
- Trail run event – advocating healthy lifestyle
- Eco-farm tour – promoting green living
- Christmas gift matching – benefiting the underprivileged children



Governance Framework and Policies

- Establish an integrated ESG Framework
- Refreshed ESG policies

Guidance



Portfolio Outlook

- Office – Cautious outlook for both Central and Mongkok
- Retail – Challenging year ahead due to concerns on global economic slowdown and uncertain local sentiment
- Impact from outbreak of COVID-19 will lead to lower DPU



Liabilities Management

- Will increase war chest by entering into new committed and uncommitted loan facilities
- Actively monitor market movements and aim to improve credit profile holistically



Prudently Look at Investment Opportunities Globally

- Continuously explore accretive investments globally

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