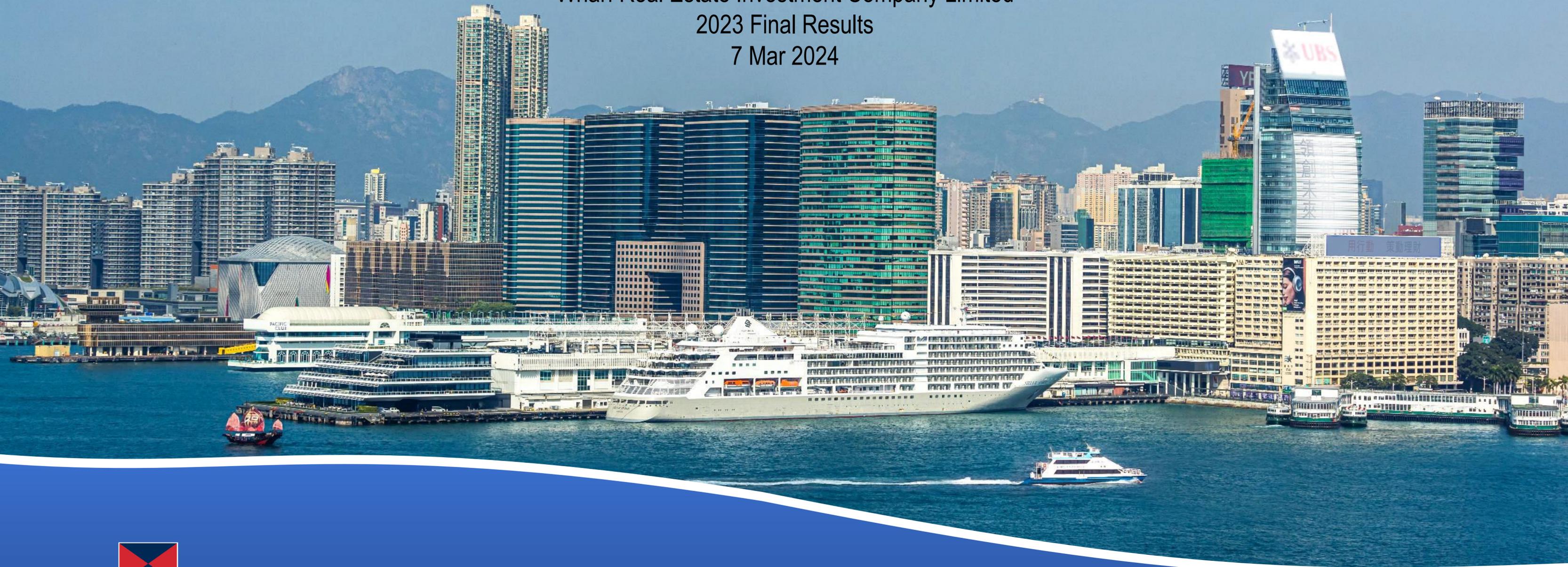


Core Businesses Stabilise Amidst Doubling of Interest Cost

Wharf Real Estate Investment Company Limited
2023 Final Results
7 Mar 2024



WHARF

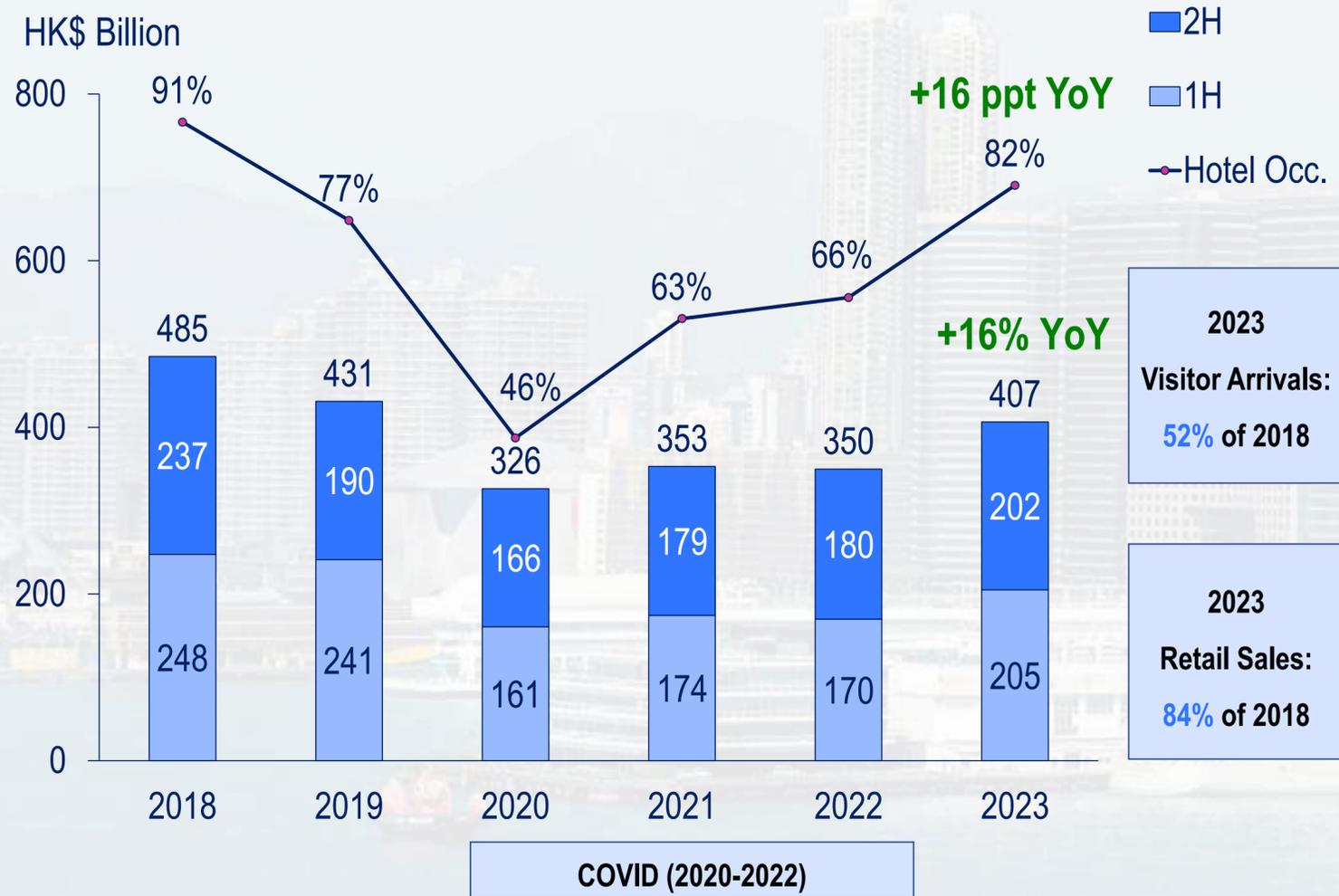
Established 1886

Results Highlights

- Full Year Revenue from Core Businesses (IPs & Hotels) +8% & Operating Profit +12%
- Segmental UNP -3% due to Doubling of Borrowing Cost
- With Profit Stabilisation in 2H, 2023 Second Interim Dividend is Unchanged from 2022
- Total IP Valuation -0.4% to \$228B to Account for 93% of Group Assets & was Virtually Unchanged in 2H
- Net Debt Decreased by \$8.8B & Gearing Decreased to 18.6%

Deep V Recovery or Shallow?

HK Retail Sales & Hotel Average Occupancy

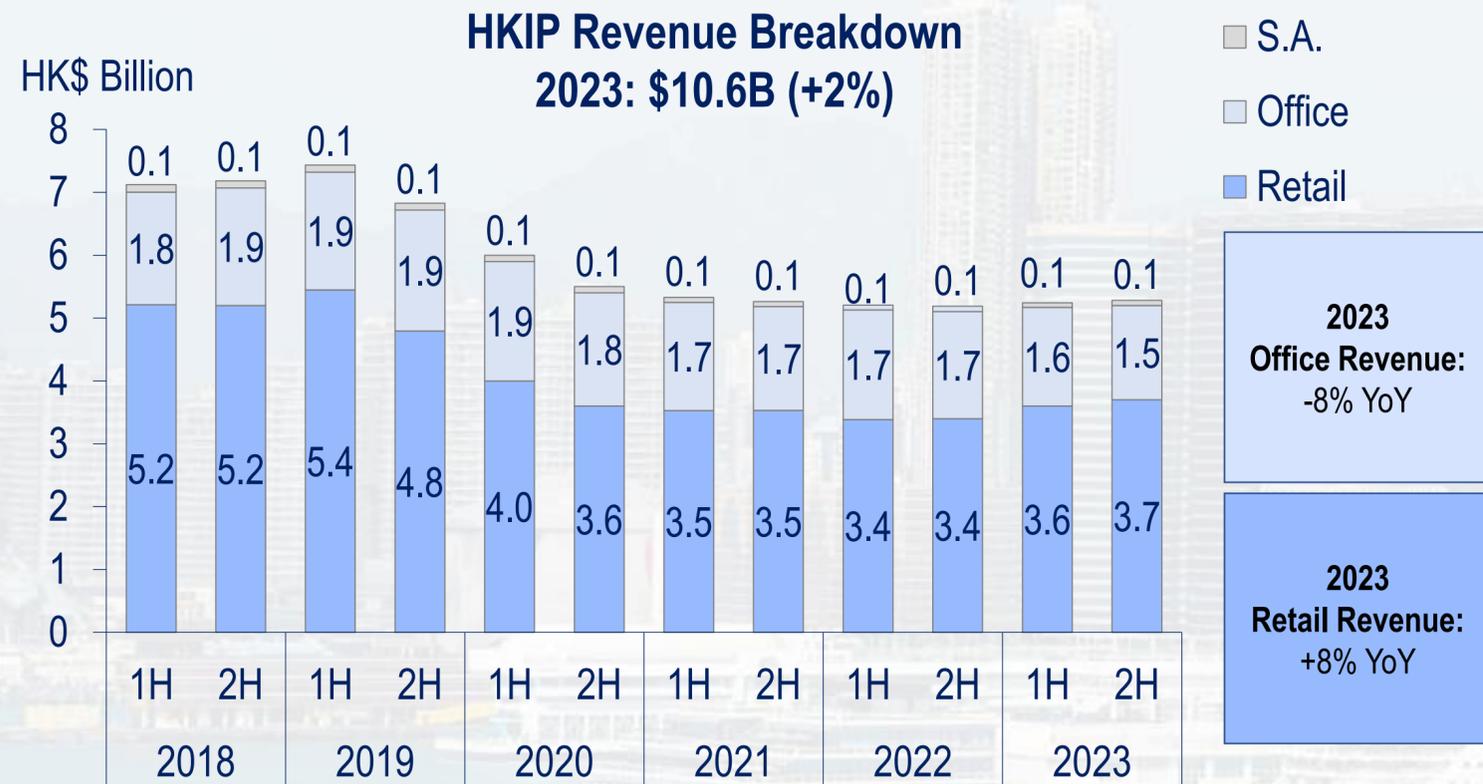


Source: Census and Statistics Department, Hong Kong Tourism Board

Seizing Opportunities Amid HK's Revival

- Proven Track Record & Prime Locations Drive Leasing Demand
- Strategic Realignment of Brands & Marketing to Fuel Productivity
- Debt & Interest Rate Mgmt. to Mitigate High Interest Rates

Regaining Positive Growth



- Outperforming YoY Retail Sales Growth
- Retail Revenue +8% YoY
 - Spot Rent Stabilised
 - T/O Rent % Increased
 - Amortisation of Rent Relief Substantially Completed
- Office Rental Sagged in Weak Market

Financial Highlights

HK\$M	2023	2022	% Chg.
Group Revenue	13,306	12,459	+7%
- IP/Hotels	12,477	11,594	+8%
Operating Profit	9,993	8,841	+13%
- IP/Hotels	9,456	8,469	+12%
Underlying Net Profit (UNP)*	6,011	6,175	-3%
- IP/Hotels	5,979	6,178	-3%
Net IP Fair Value Change	(1,174)	(14,875)	NA
Profit/(Loss) After IP Fair Value Change	4,766	(8,856)	NA
Earnings/(Loss) Per Share (HK\$)			
- Attributable to Shareholders	1.57	(2.92)	NA
- Underlying*	1.98	2.03	-2%
Dividend Per Share (HK\$)	1.28	1.31	-2%

*Excl. IP Revaluation Deficit and Exceptional Items

- Group Revenue +7%; IPs & Hotels +8%
- Group OP +13%; IPs & Hotels +12%
- Group UNP -3%; IPs & Hotels -3%
 - Borrowing Cost ↑ to \$2.3B (FY22: \$1.2B) Due to Increase in HIBOR
 - Avg 1-mth HIBOR 3.5% in 1H; 5.0% in 2H
- Full Year DPS \$1.28 (65% of Core UNP)
- IP Valuation Stabilised, Cap Rate Stable

2H Financial Performance

HK\$M	2H23	YoY Chg	1H23	YoY Chg
Group Revenue	6,833	+9%	6,473	+4%
- IP/Hotels	6,325	+8%	6,152	+7%
Operating Profit	5,053	+15%	4,940	+11%
- IP/Hotels	4,712	+12%	4,744	+12%
Underlying Net Profit (UNP)*	2,952	+5%	3,059	-9%
- IP/Hotels	2,845	-1%	3,134	-5%
Net IP Fair Value Change	(41)	NA	(1,133)	NA
Profit After IP Fair Value Change	2,961	NA	1,805	NA
Earnings Per Share (HK\$)				
- Attributable to Shareholders	0.98	NA	0.59	NA
- Underlying*	0.97	+5%	1.01	-9%
Dividend Per Share (HK\$)	0.61	Flat	0.67	-4%

*Excl. IP Revaluation Deficit and Exceptional Items

- Group Revenue +9%; IPs & Hotels +8%
- Group OP +15%; IPs & Hotels +12%
- Group UNP +5%; IPs & Hotels -1%
- Second Interim DPS \$0.61, Unchanged from 2022
- IP Valuation +0.1% HoH

Prudent Treasury Management

Net Debt (HK\$ Billion)

Interest Cost 5.4%
1H 4.7%, 2H 6.3%



Moody's A2 Rating
(Stable Outlook)

Consistent Div. Policy
65% of HKIP & Hotel UNP

Net Debt \$36.3B
↓ \$8.8B YoY; Lowest Since Listing

Gearing 18.6%
↓ 4.6 pts YoY

Debt Maturity (HK\$ Billion) Total Gross Debt: \$37.4B (As at 31 Dec 2023)



Adj. Floating/Fixed Mix
Changing Partial to Fixed-rate;
Majority Floating-rate

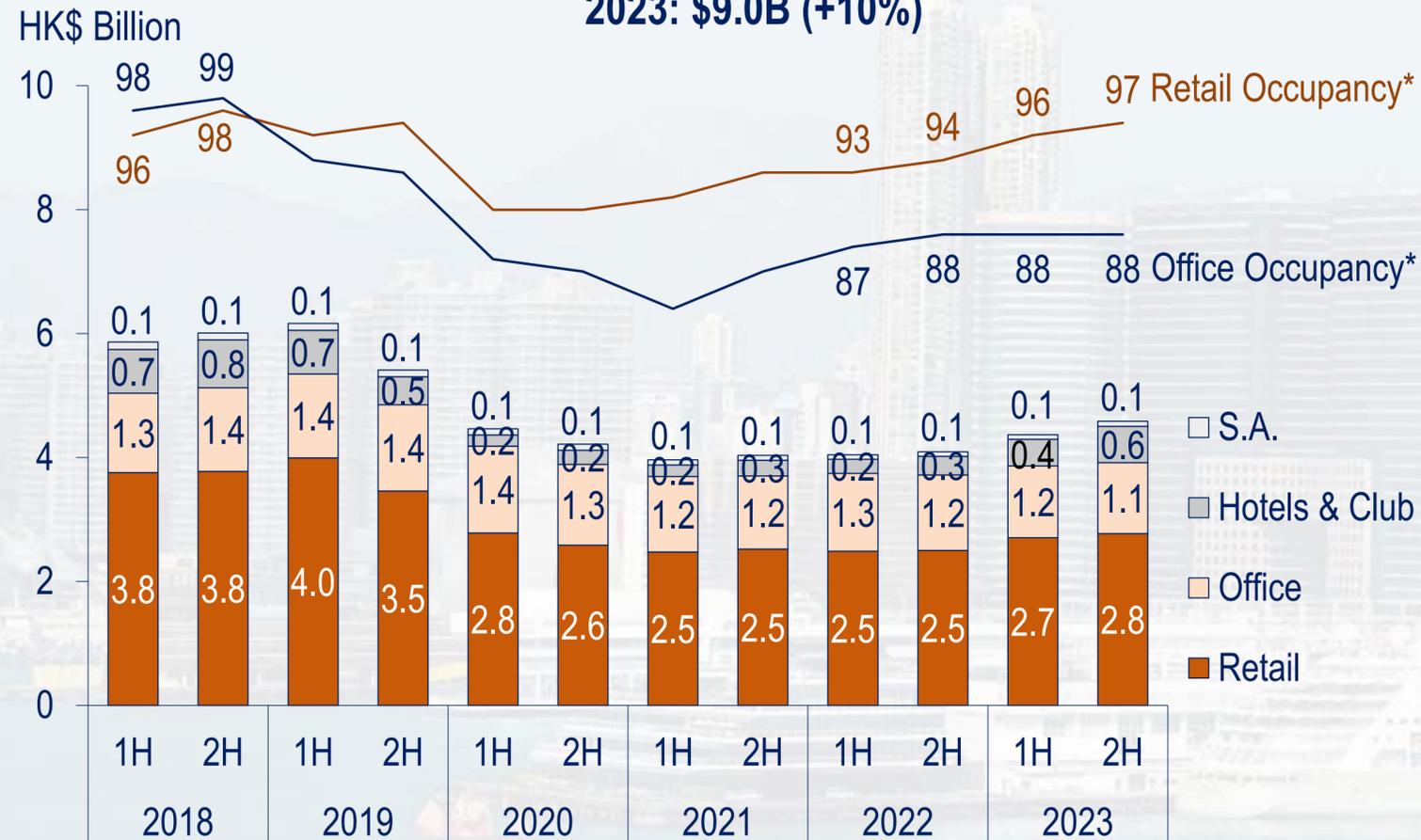
Interest Cover 4.4x
Stable Recurring Income

Harbour City



Seizing Opportunities

HC Revenue Breakdown
2023: \$9.0B (+10%)



*Period-end Occupancy Rate (%)

- Retail: Optimised Tenant Mix & Major Crowd-drawing Events
 - Key Luxury Brands Expanded or Strategically Relocated
 - High Double-digit Sales Growth vs 2018 for Certain Luxury Brands
 - Retail Rent Stabilised & Gradually Increasing
- Office: Benefit from Drawing Power of Mall
 - Demand from Insurance Sector Improved

Dedicated Efforts Boosting Productivity

Rebound in Footfall

“Disney 100” in Summer

Weekend Daily Foot Traffic of
200,000 People



“Merry Spacemas” in Christmas

Weekend Daily Foot Traffic of
280,000 People



Retail Rental Growth at HC

HC Retail Rental Category Breakdown
2023: \$4.9B (+10%)

Fashion 31%	Leather Goods 28%	F&B & Ent. 6%	
		Dept. Store 5%	
Jewellery, Beauty & Accs. 22%		Sportswear 3%	
		Kid's Related 2%	Electronics 1%
		Others 2%	



Exquisite Collection of Top Luxury Brands

DIOR	CHANEL	LOUIS VUITTON	FENDI	GUCCI	DE BEERS JEWELLERS	PRADA	FERRAGAMO
MIU MIU	Van Cleef & Arpels	PIAGET	DOLCE & GABBANA	MONCLER	HERMÈS PARIS	EMPORIO ARMANI	GIORGIO ARMANI

530-meter Canton Rd Frontage

16 Luxury Brands

>HK\$10B Sales (2.5% of HK Total)

Escalating Retail Leasing Demand

New Openings
on Canton Road

FENDI
ROMA



Van Cleef & Arpels
(3-storey flagship)



DE BEERS
JEWELLERS
(2-storey flagship)



Selected Brands & Restaurants Openings

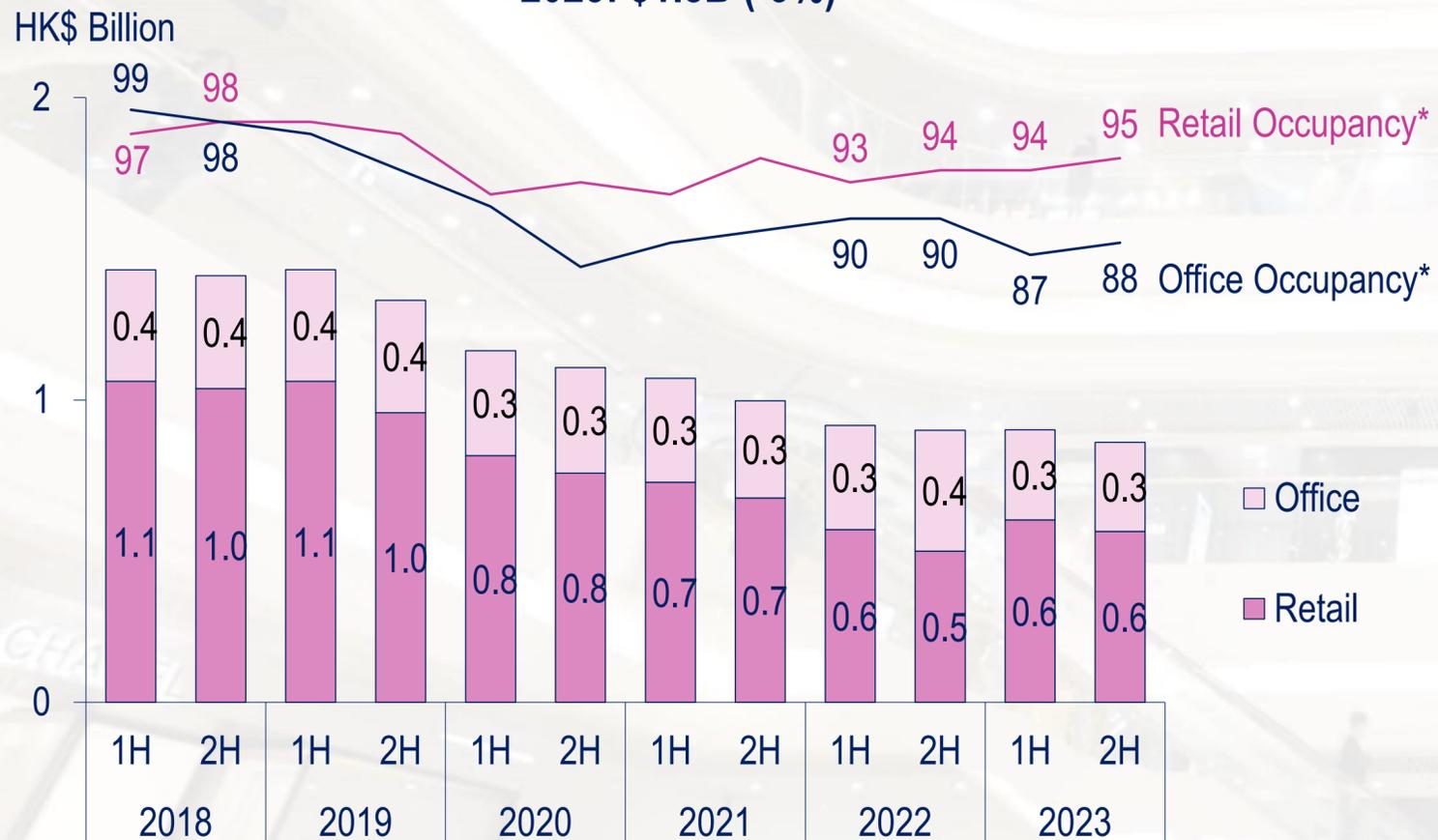
Debut Brands	 ami alexandre mattiussi	 DOLCE & GABBANA BEAUTY	 Re-Nutriv ESTÉE LAUDER	 ALBION	 LINDBERG by PUYI OPTICAL	 mikiHOUSE	 CATALIO Beauty+	 Acne Studios	 LEONARD PARIS
Jewellery & Accs.	 PANERAI	 <i>Cartier</i>	 FRED	 qeelin	Fashion / Leather Goods	 GUCCI	 CELINE	 VALENTINO	 COACH
Beauty / Lifestyle	 DIOR Beauty	 JO MALONE LONDON	 RIMOWA	 Columbia	F&B	 JIANG NAN BY CRYSTAL JADE	 Sips;iban	 <i>Charcoal Bar</i> Grill and Seafood	 KEW+

Times Square



Combating Headwinds & Competition

TS Revenue Breakdown
2023: \$1.8B (-3%)



*Period-end Occupancy Rate (%)

- Highly Competitive Landscape in Causeway Bay
- Retail: Refined Luxury Tenant Mix, Improving Leasing Demand
- Office: Weak Demand, Mostly Pocket-sized Units

New Openings in 2023



Hotels



The Murray & Marco Polo Hotels

The Murray, Hong Kong



Forbes Travel Guide
Five-Star Award
For the Second Year

Marco Polo Hotels on Canton Road



PRINCE
HONG KONG
MARCO POLO HOTELS

New Design Concept
Fully Reopened in Aug

- Partial Recovery & Turned Around to Operating Profit
 - Notable Uptick for Room Rate, Occupancy & Event Bookings
 - Yet, Increasing Erosion from Shenzhen Among Budget Conscious Consumers
- The Murray: Favoured by Both Business Travellers & Tourists
- Marco Polo Hotels: Prime Location in Canton Rd. Tourist Hotspot

Outlook



Evolving Post-Pandemic Trends

- Positives: Potential Interest Rate Pivot, IVS* Expansion, Further Recovery in Visitor Arrivals
- Uncertainties: Geopolitical & Economic Uncertainties, U.S. Presidential Election
- Retail & Hotel: Evolving Behaviours & Increasing Regional Competition
- Office: Weak Demand & New Supply
- Remain Vigilant on Latest Market Development & Adjust Strategy to Seize Opportunities

*Individual Visit Scheme: Mainland Residents in the Eligible Cities are Allowed to Visit HK in their Individual Capacity. No. of Eligible Cities Increased from 49 to 51 on 6 Mar 2024

Sustainability



2030 Environmental Targets

2023
Performance



Total General Refuse
Decreased by Over 15% (2019 Baseline)



Purchased Electricity of HK Operations
Decreased by 8% (2019 Baseline)

2030
Targets*



Overall GHG Emissions
To Reduce 30% by 2030



Electricity Intensity
To Reduce 27% at HKIP by 2030



Water Consumption
To Reduce 18% at HK operations by 2030



Waste Diversion
To Divert Waste Away from Landfills

2023 Progress:
On Track

**Using 2014 as Baseline*

ESG Performances & Recognitions

Ratings & Awards

Hang Seng Corporate Sustainability Index (AA+ Rating)

Hang Seng ESG 50 Index

MSCI ESG Rating (BBB Rating)

CDP – Climate (Management Band Score of B-)

Sustainalytics ESG Risk Rating (Low Risk)



ESG Certifications



LEED Platinum
(v4.1 Operations and Maintenance: Existing Buildings)
Times Square

ISO certifications

- ISO 14001:2015
- ISO 45001:2018
- ISO 9001:2015



EARTHCHECK

Gold Certification:



MARCO POLO
HONGKONG HOTEL
HONG KONG

Silver Certification:

THE MURRAY
HONG KONG
A NICCOLO HOTEL

NICCOLO
SUZHOU

ESG Reporting Standard/ Recommendations



HKEX
香港交易所

ESG Reporting Guide

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Referencing: **SASB STANDARDS**
Now part of IFRS Foundation

Sustainability Financing

By End of 2023, the Group Had Arranged
\$3.6B
Sustainability-linked Loan

KPIs Related to HSI ESG Rating & Key Environmental Performance

Environmental: Asset Enhancements & Renewable Energy

Solar-powered Systems

- **320 Solar Photovoltaic Panels** Installed at HC to support RE development & FiT* Scheme
- **100 Sets of Solar Thermal Heater System** Installed at Gateway Apt. since 2009, Offset 27+ Tonnes of CO2 Emissions (Equivalent to planting ~1,200 trees/ yr)



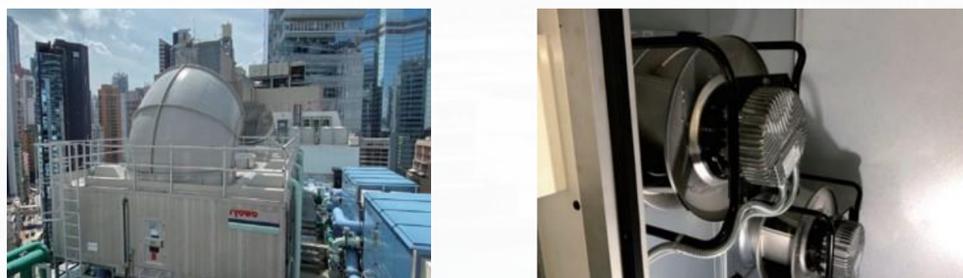
Electricity-free Cooling Technology

- **Cooling Paint on Condenser Water Pipes** to Lower Condenser Water Temperature
- Saving ~52 Tonnes of CO2 Emissions in TS (Equivalent to planting ~2,400 trees/ yr)



Ongoing System Upgrades

- Heat, Ventilation, A/C Upgrade
- Lighting Upgrade
- Chiller Upgrade
- Retro-commissioning



The “Star” Ferry

Low-emission Green Ferry

Powered by Diesel-electric Propulsion System

- World Star (2016)
- Morning Star (2020)
- Silver Star (2021)

- Participating in Full Electric Ferry Pilot



*The Feed-in Tariff (FiT) Scheme was launched in May 2018

It promotes the development of renewable energy (RE) in HK by buying RE from CLP customers at attractive FiT rates and reducing the payback period for RE system installations

Social: Community Contributions

What we supported In 2023

Recognition:
3rd Top Donor 2022/2023

by The Community Chest

*The Wharf Group incl. Wharf REIC & Wharf Holdings



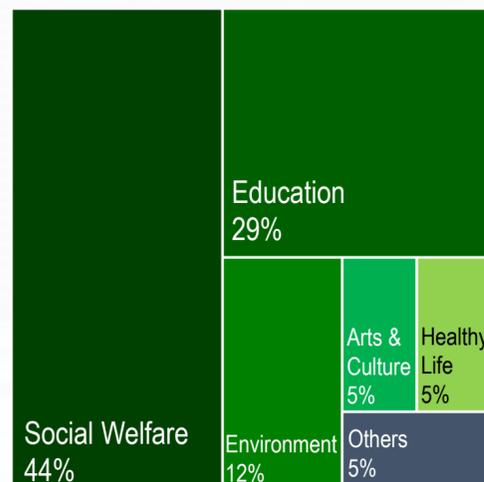
Supports **Youth Development** via:

- Project *WeCan*
- The Wharf Art Scholarship Scheme
- Architectural Design Internship Programme

Sponsorship:

Venue & Advertising Space for

120 Charitable Events



Note: In terms of no. of events



Volunteer Activities

- Organized 27 Community Activities with Staff Volunteering

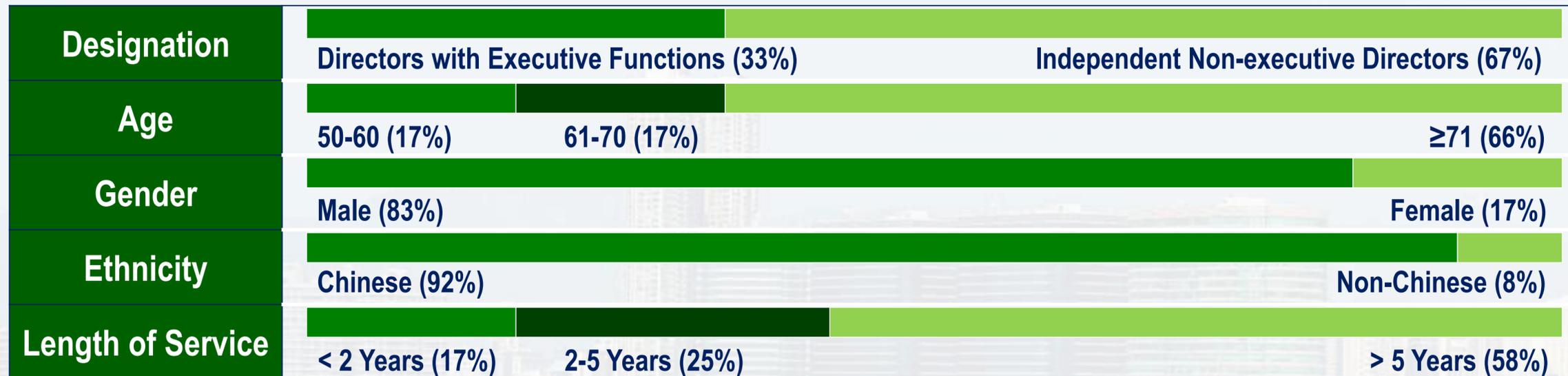
Community Care

Healthy & Happy Ageing:

- Bright Senior Ambassador Programme
- “WE Walk For Love” – Promote Caring to Elderly

People: Governance, Talent Development & Workplace Safety

Composition of Board of Directors (12 Board Members as of 31 Dec 23)

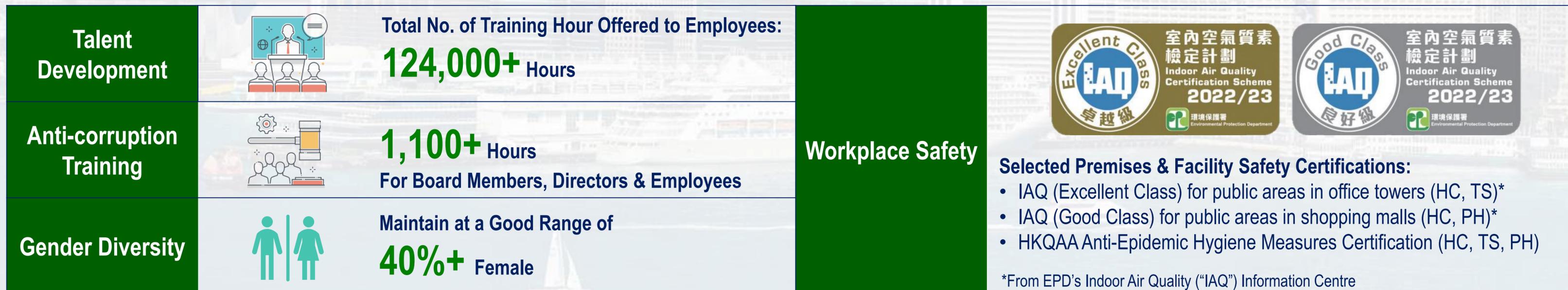


2023 Meeting Attendance*



*4 Board Meetings
8 Board Committees Meetings (per year)

Achievements in 2023



Selected Premises & Facility Safety Certifications:

- IAQ (Excellent Class) for public areas in office towers (HC, TS)*
- IAQ (Good Class) for public areas in shopping malls (HC, PH)*
- HKQAA Anti-Epidemic Hygiene Measures Certification (HC, TS, PH)

*From EPD's Indoor Air Quality ("IAQ") Information Centre

Appendix



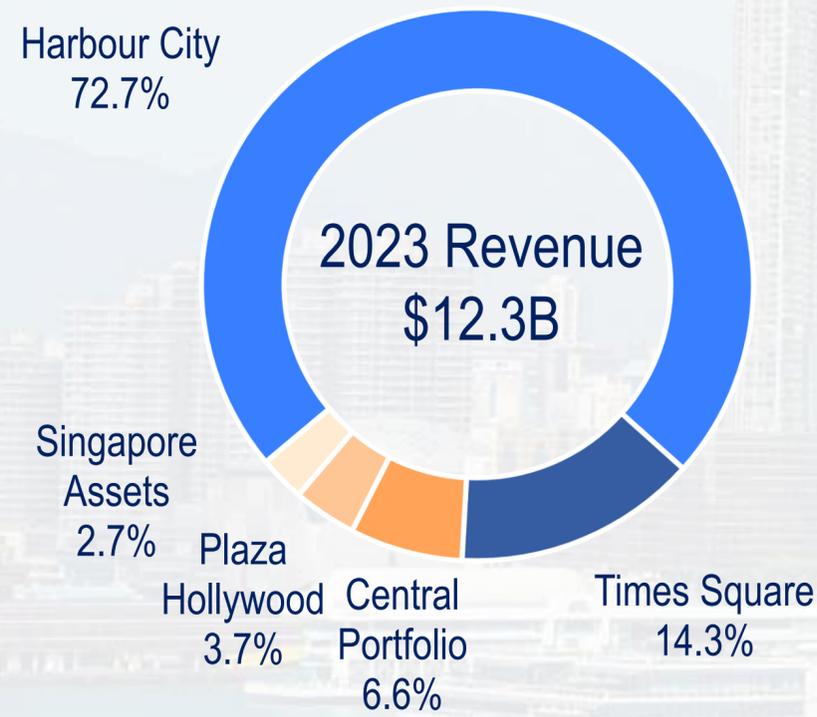
HC/TS/PH Performance

	Harbour City		Times Square		Plaza Hollywood	
2023 (HK\$M)	Revenue	YoY Chg	Revenue	YoY Chg	Revenue	YoY Chg
Retail	5,474	+10%	1,168	+3%	459	+5%
Office	2,304	-6%	593	-14%	-	-
Hotels & Club	1,018	+80%	-	-	-	-
Serviced Apt.	156	+4%	-	-	-	-
Total	8,952	+10%	1,761	-3%	459	+5%
Valuation* as of 31 Dec 2023	\$161.8B		\$47.4B		\$8.7B	
2023 Avg. Retail Passing Rent (HK\$ psf per Month)	\$343		\$154		\$80	

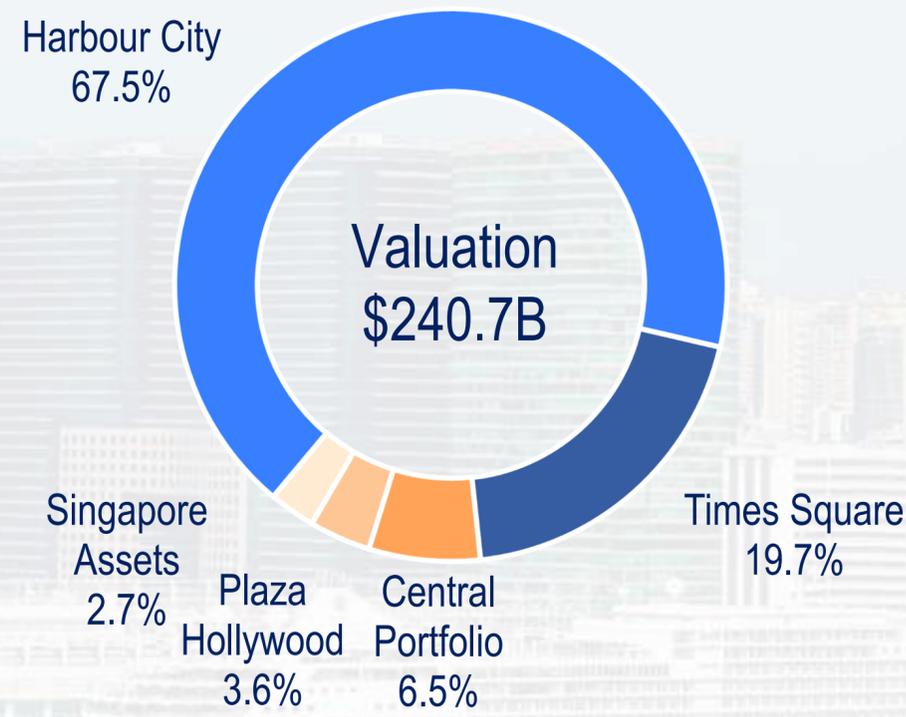
*Incl. Hotels at Valuation as of 31 Dec 2023

Premium Quality Portfolio

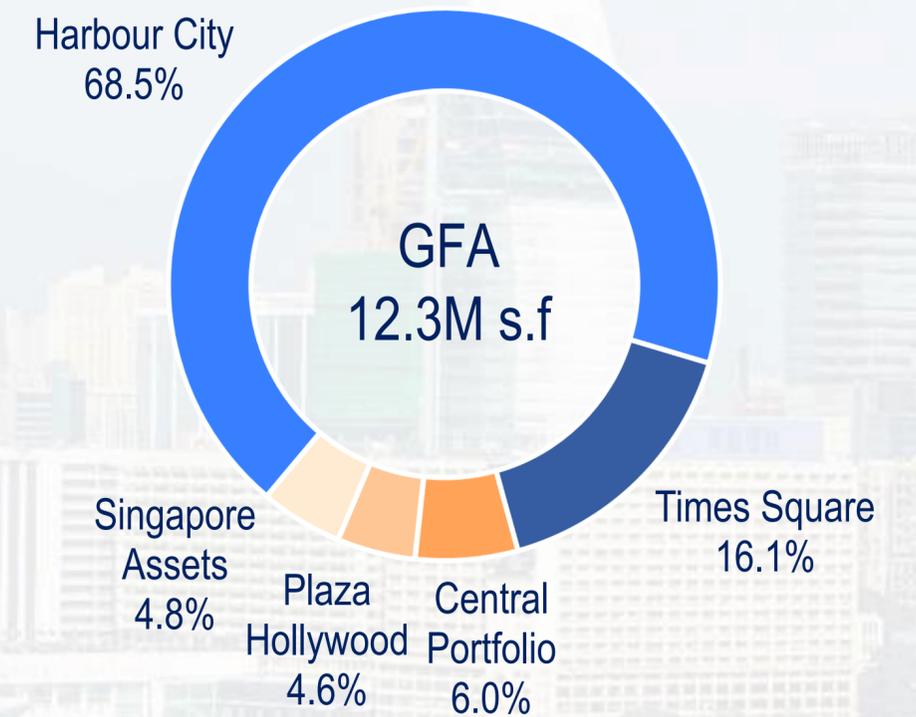
Revenue



Valuation*



GFA



The Above Refers to the 6 Key Properties in Hong Kong; Central Portfolio: Incl. Crawford House, Wheelock House & The Murray, Hong Kong, as well as Scotts Square & Wheelock Place in Singapore.

*Valuation of All Hotels are Booked at Cost in Wharf REIC's Balance Sheet

Overview of Application of Funds

Major Capital & Development Expenditure				
HK\$	Incurred in 2023	To be Incurred in Coming Years		
		Committed	Uncommitted	Total
HKIP	32M	82M	214M	296M
Singapore IP	6M	-	-	-
Mainland Properties	224M	231M	336M	567M
Hotels & Others	34M	16M	-	16M
Total	296M	329M	550M	879M

Thank You

Core Businesses Stabilise Amidst Doubling of Interest Cost

End of Presentation

Wharf Real Estate Investment Company Limited [HKEx Stock Code: 1997.HK]

Disclaimer

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