



Top Line Challenges Remain Hard

Wharf Real Estate Investment Company Limited
2024 Final Results | 10 Mar 2025



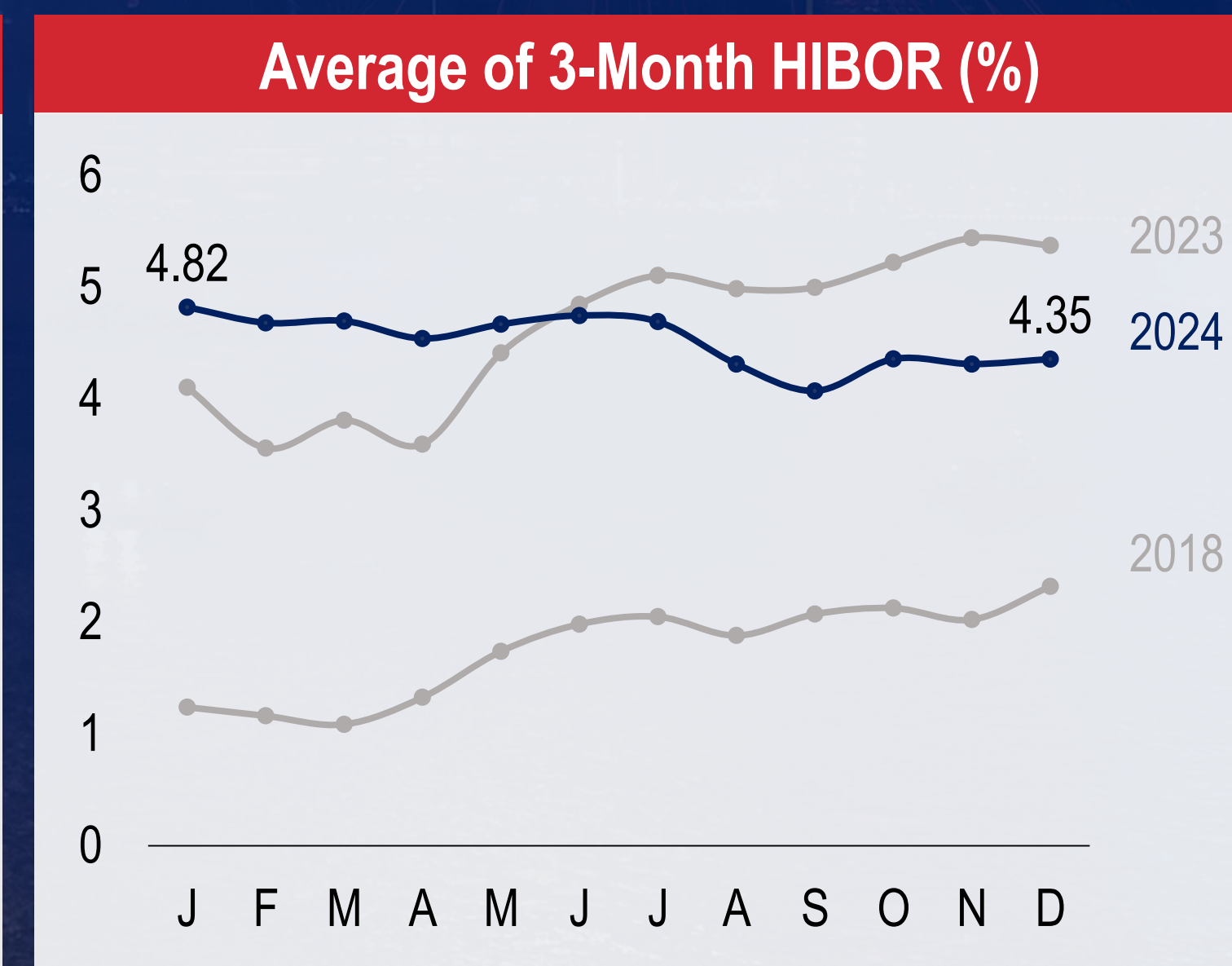
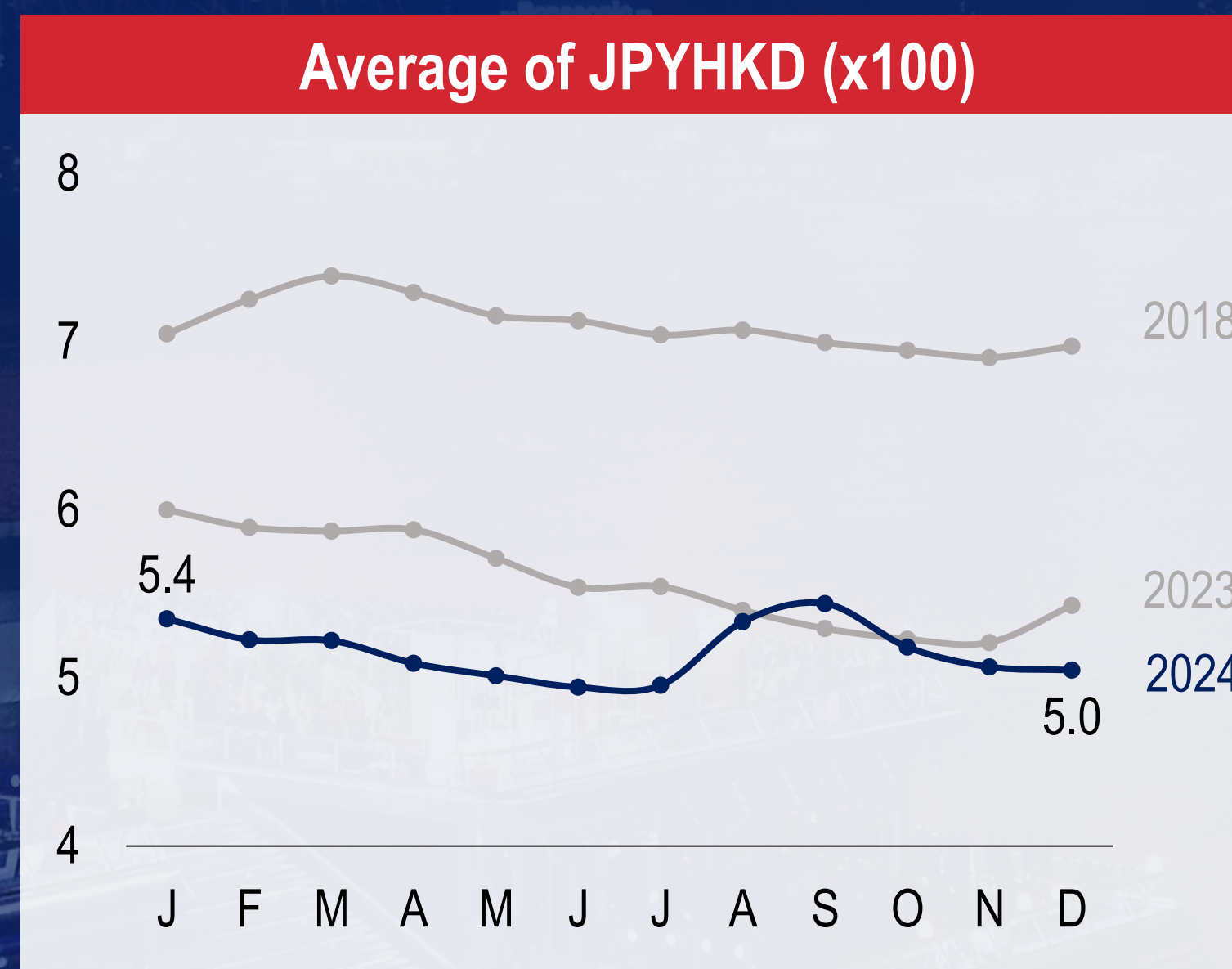
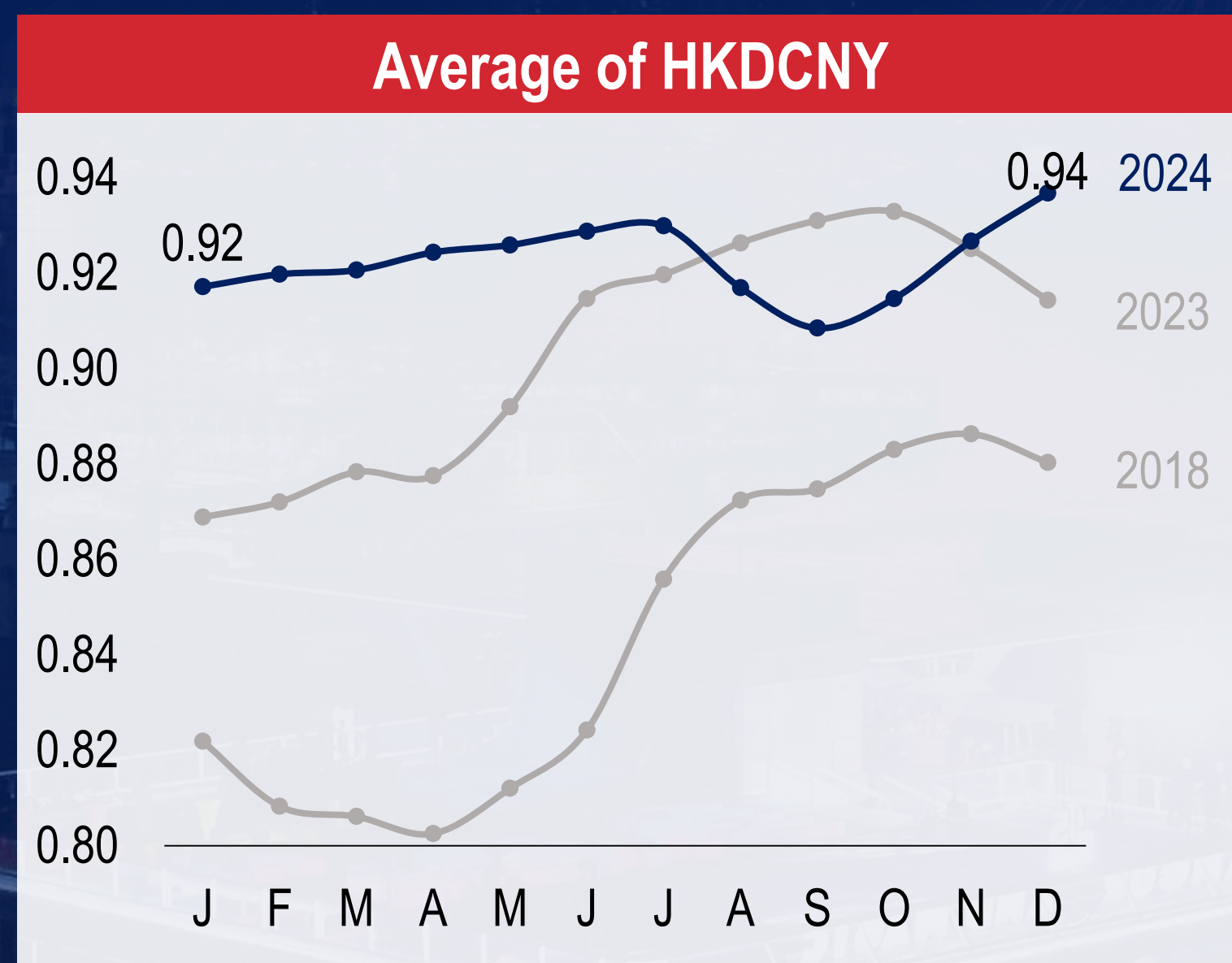
Results Highlights

- Revenue Slipped by 3%
- Continuing Deleveraging to 18% Reduced Borrowing Cost by 10%
- Total Value of IP Declined by 3%

OVERVIEW

Financial Market Dynamics

- Continued Strength of HKD Makes HK Less Competitive; HKDCNY & HKDJPY Hit Decade-High in 2024
- US Rate Cuts Rather Gradual
- Shaking Business & Consumer Confidence amid Uncertain Macro Outlook

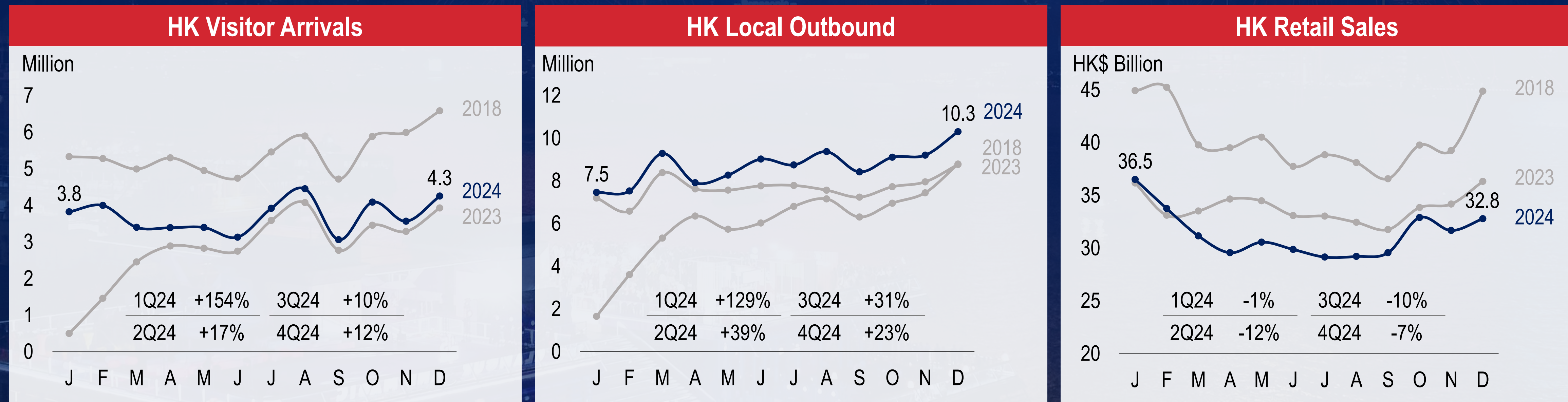


Source: Bloomberg

OVERVIEW

Recovery Faces More Challenges

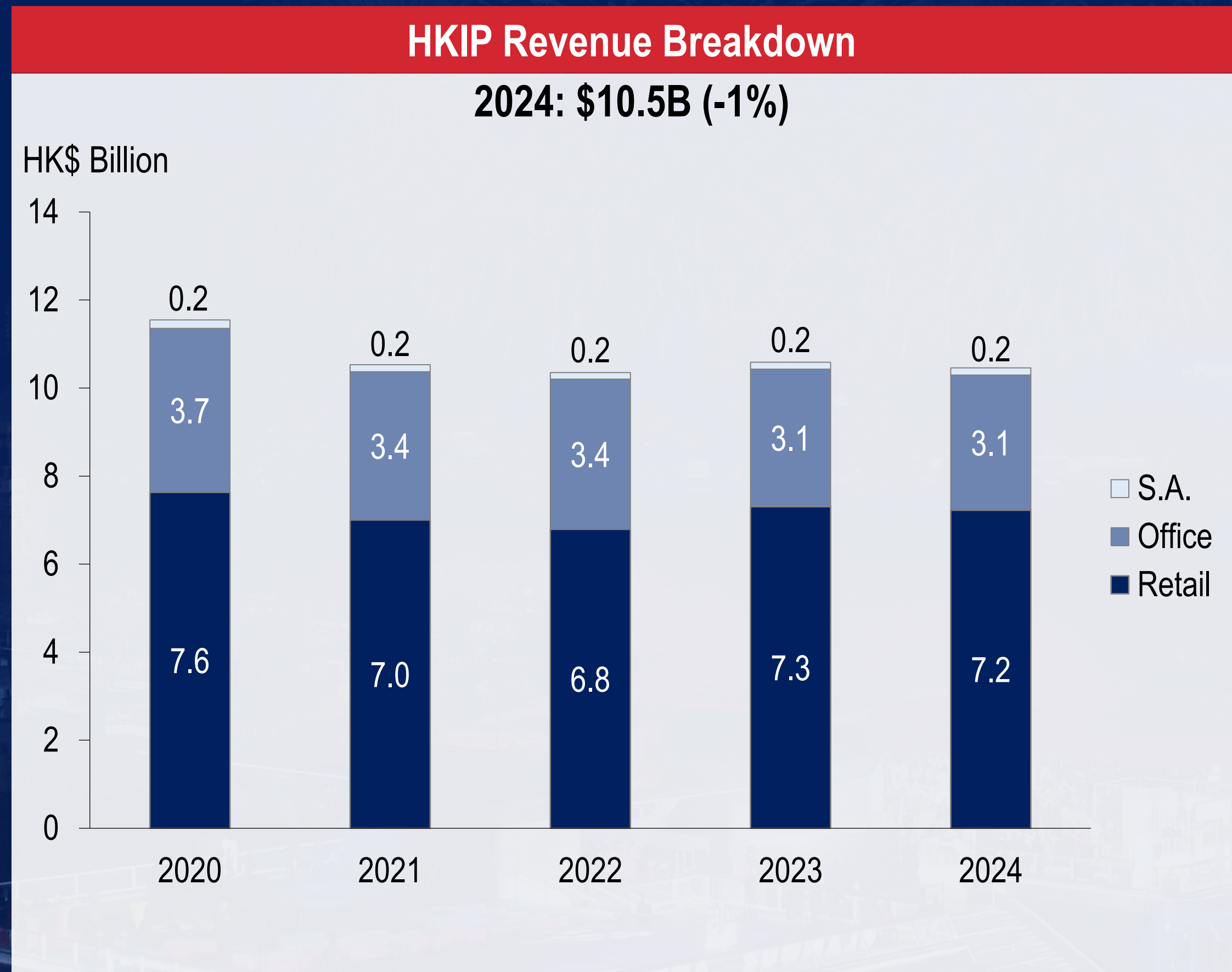
- Incomplete & Uneven Recovery: ML Tourists Returned Slowly; SE Asians Recovering Better
- Consumption Downgrade in Key Markets & Local Outbound Leakage
- Adapting to Shifting Consumption & Travel Patterns; Multiple Supportive Policies, Pending Effects



Source: Census and Statistics Department, Hong Kong Tourism Board

OVERVIEW

HKIP Still Cautious



- Retail: Weaker HK Retail Sales Dragged Rent
 - Vacancies Remained Modest but Reversion Challenging
- Office Rent Weak, Partly Offset by Better Occupancies
 - Soft Demand as Businesses Sought Cost Control
- OP Margin Stable despite Persistent Cost Pressure

\$4.6B Capex Since 2017

Selected Alterations & Additions:



Ocean Terminal Extension (HC)

270° Observatory Deck
Harbour-view Alfresco Dining
New Cruise Passenger Halls



Canton Road Frontage (HC)

Strategic Realignment of
16 Best-in-class Brands

Multi-storey Flagships (HC)

Series of Global Brands
Expansions

2017

Hampton Court Conversion (HC)

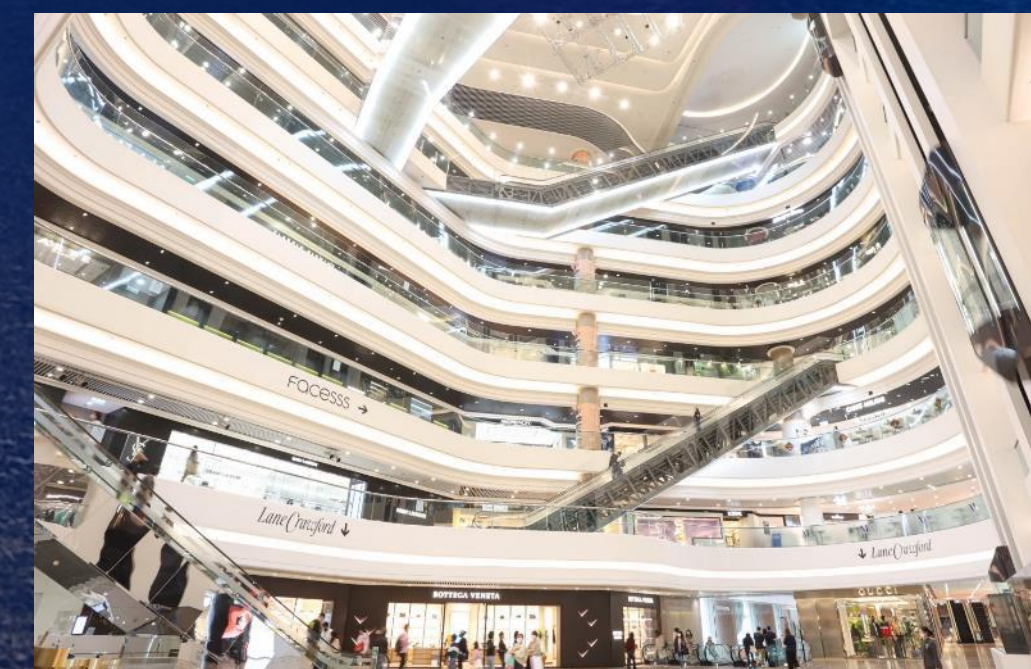
360,000 s.f Office from S.A.

LED Screen Structure (TS)

Animated Clock Tower

LEED Platinum Certificate (TS)

Green & Intelligent Retrofit
Technologies



Note: HC – Harbour City, TS – Times Square

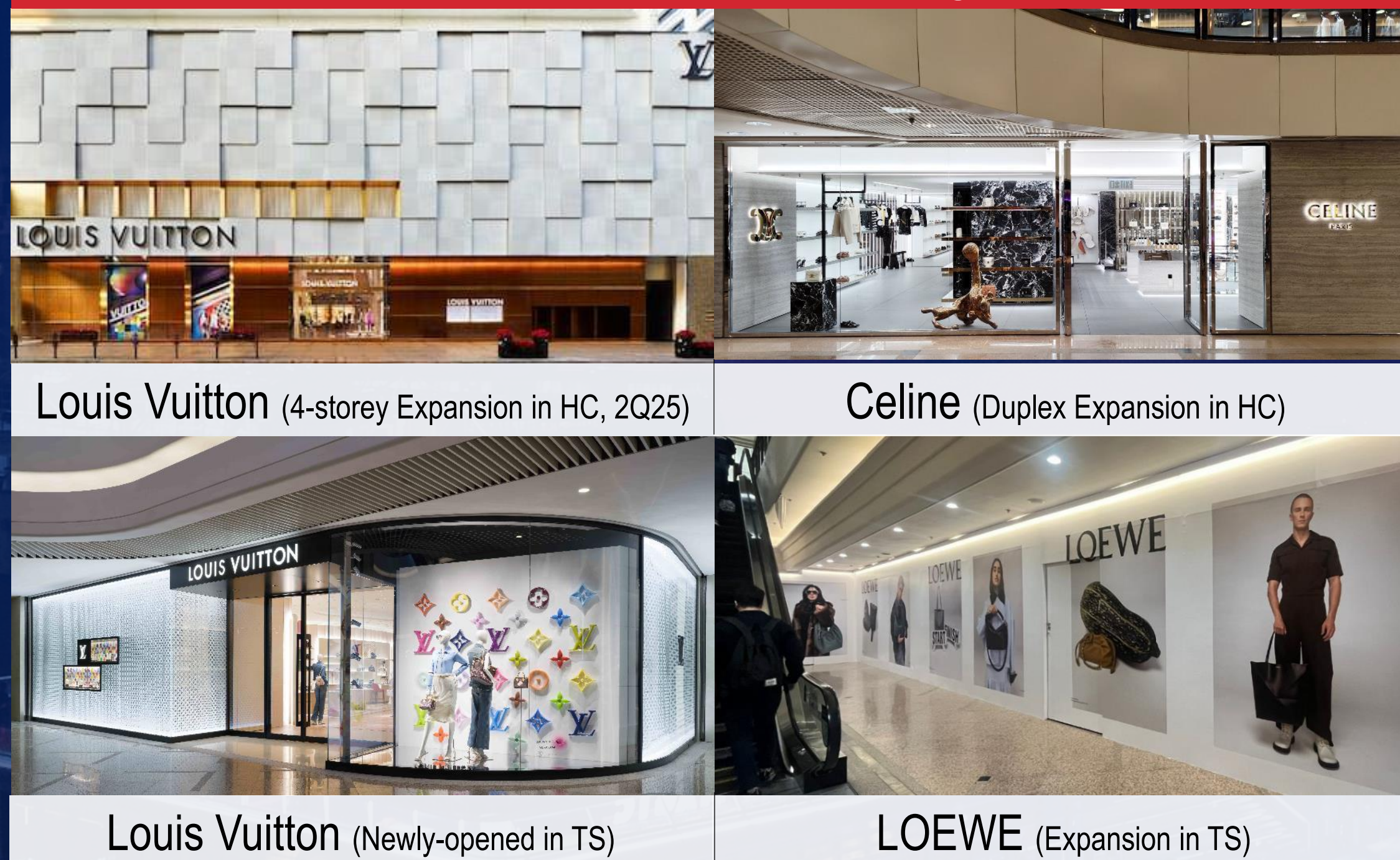
And Continue...

OVERVIEW

Malls: Constantly Enhancing Brand Value

- Expanded Flagships & Stores' New Images
- Improved In-store Experiences to Boost Loyalty
- Diverse Crowd-drawing Initiatives for All Demographics
- Intelligent Marketing Spend to Protect Margin

Proactive Brand Portfolio Management

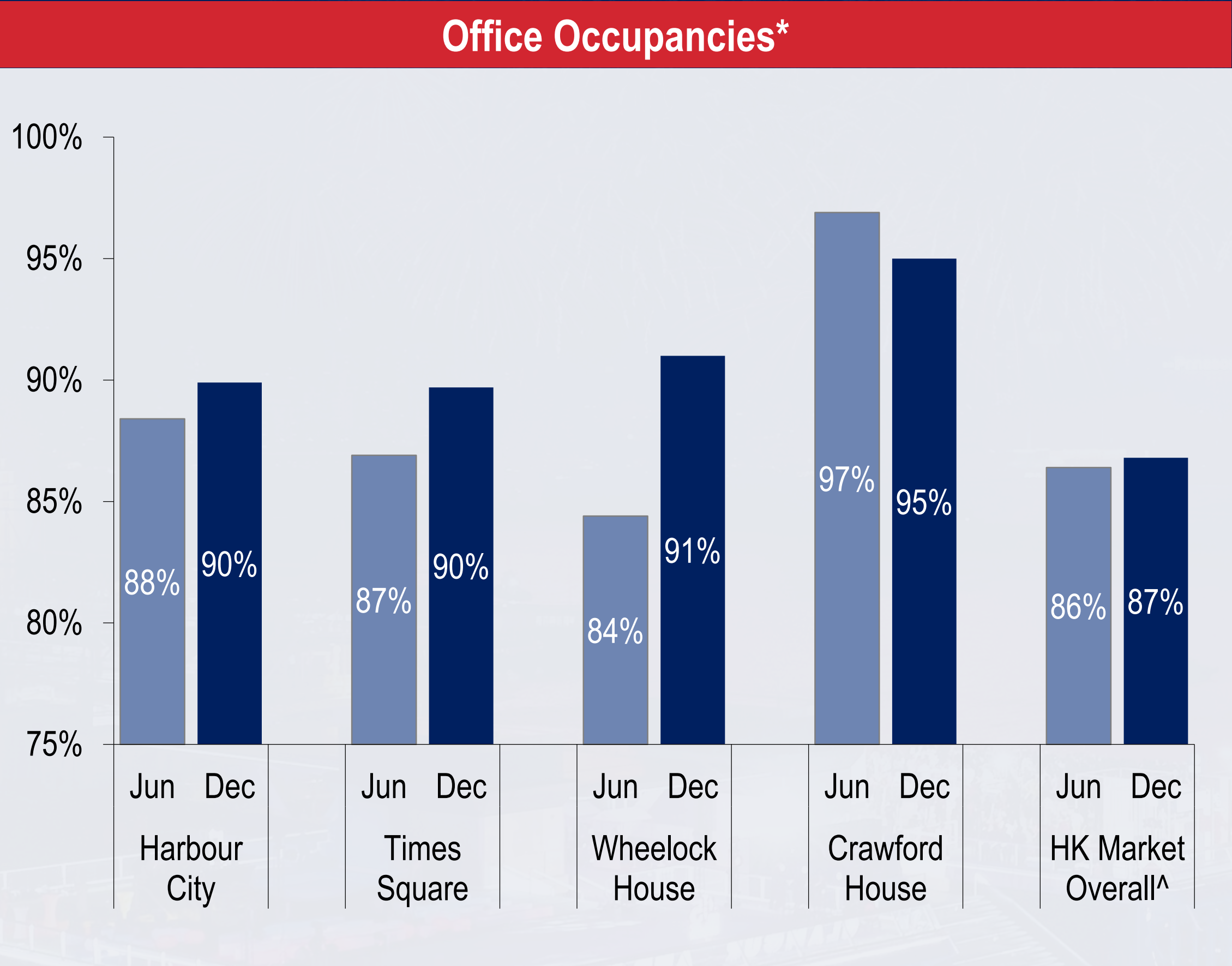


Footfall Stimulating Initiatives



OVERVIEW

Office: Improved Occupancies



- Prime Location & Unique Positioning
 - HC/ TS: Drawing Power from Mixed-used Complex
 - CH/ WH: Strong Foothold in Central
- Proactive Leasing Strategies & Premises Improvement Attracting In-house Expansion & Relocation
- 90% Occupancies despite High Market Vacancies

*Period-end Occupancy Rate (%) in 2024
^Source: JLL HK Property Market Monitor Jul 2024, JLL HK Monthly Market Dynamics Jan 2025

Financial Highlights

HK\$M	2024	2023	YoY Chg
Group Revenue	12,912	13,306	-3%
- HKIP & Hotel	11,894	12,020	-1%
Operating Profit	9,691	9,993	-3%
- HKIP & Hotel	8,991	9,228	-3%
Underlying Net Profit (UNP)*	6,139	6,011	+2%
- HKIP & Hotel	5,769	5,924	-3%
Net IP Fair Value Change	(5,621)	(1,174)	NA
Profit After IP Fair Value Change	891	4,766	-81%
Earnings Per Share (HK\$)			
- Attributable to Shareholders	0.29	1.57	-82%
- Underlying*	2.02	1.98	+2%
- Core Underlying*	1.90	1.95	-3%
Dividend Per Share (HK\$)	1.24	1.28	-3%

*Excl. IP Revaluation Deficit and Exceptional Items

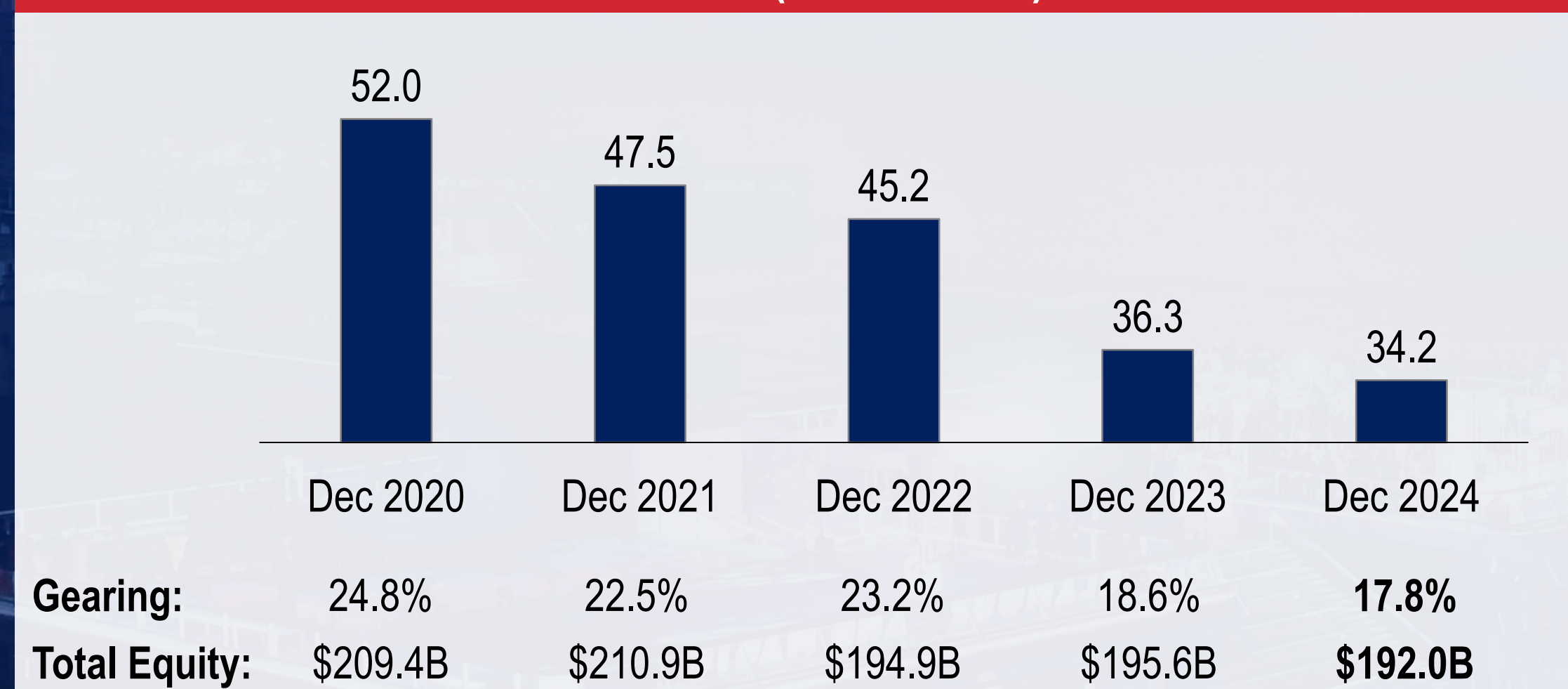
- Core UNP Declined by 3% but Group UNP Supported by Non-Core Improvement & Lower Borrowing Costs
- Non-cash & Unrealised IP Revaluation Deficit Widened
- HKIP Cap Rates Unchanged
- DPS \$1.24 (65% of Core UNP)

OVERVIEW

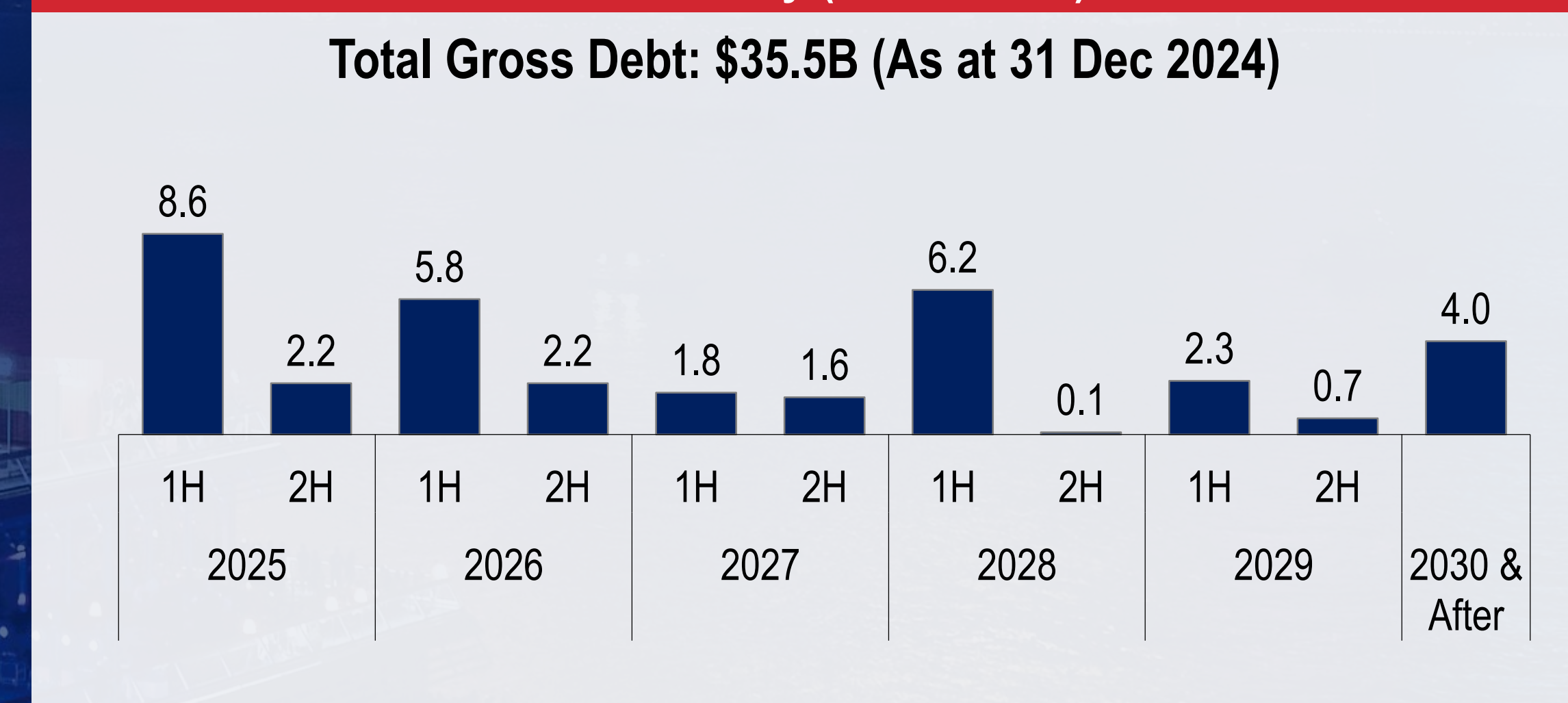
Sound Financial Health

- Interest Cost 5.6% p.a.
- Net Debt \$34.2B (-\$17.8B Since Dec-20, Equivalent to Saving ~\$1B Interest Per Year)
- 80% on Floating
- Interest Cover 4.7x
- Maintains Moody's A2 Rating (Stable Outlook)

Net Debt (HK\$ Billion)



Debt Maturity (HK\$ Billion)

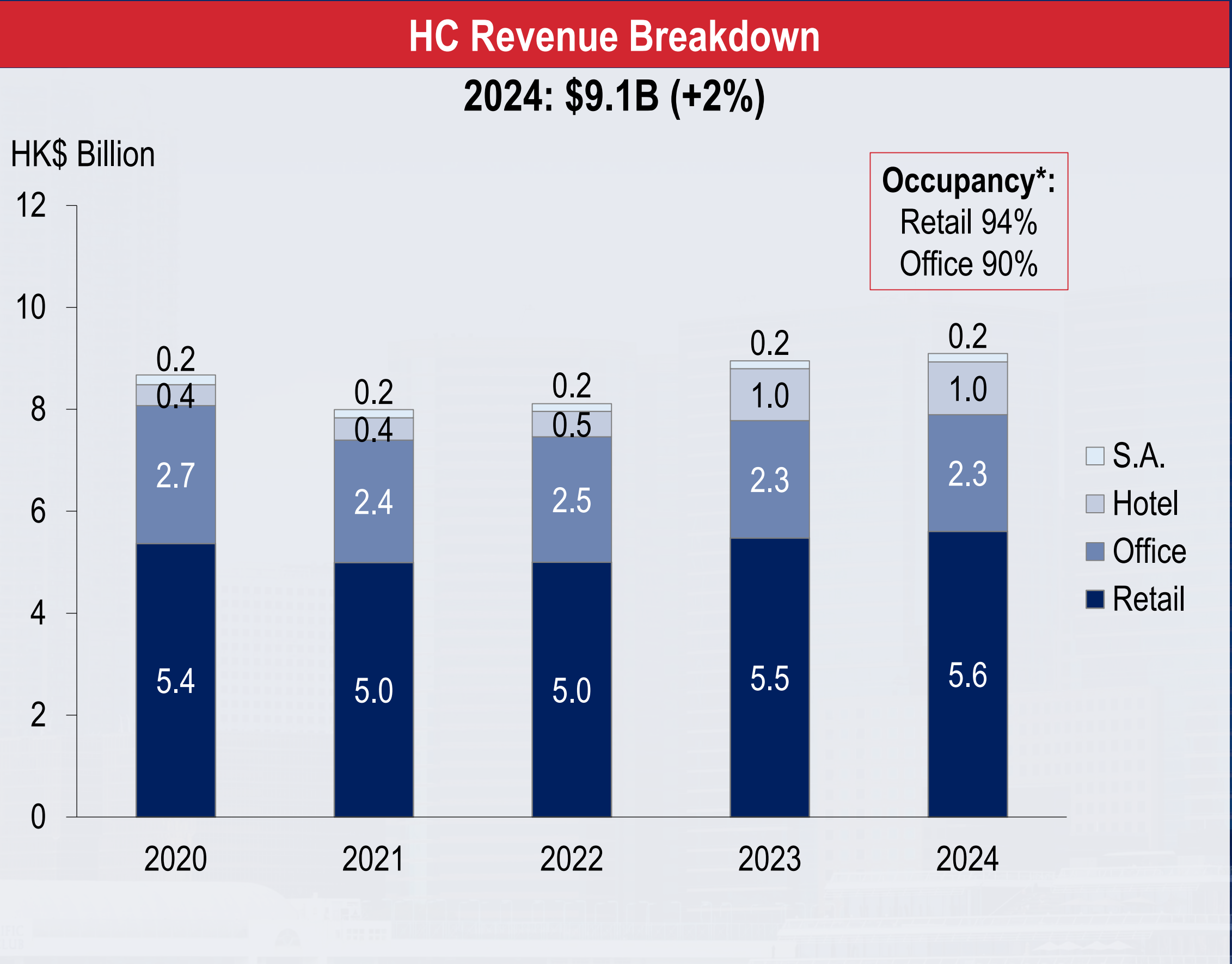


OVERVIEW

A wide-angle photograph of the Harbour City skyline in Hong Kong. The image is split vertically by a thin white line. The left side shows a tall, slender skyscraper and a cluster of lower buildings. The right side features several large, modern skyscrapers with blue and green glass facades. In the foreground, a white ferry with a glass roof is on the water. The sky is a clear, deep blue.

HARBOUR CITY

Resilience in Adversity



*Year-end Occupancy Rate (%)

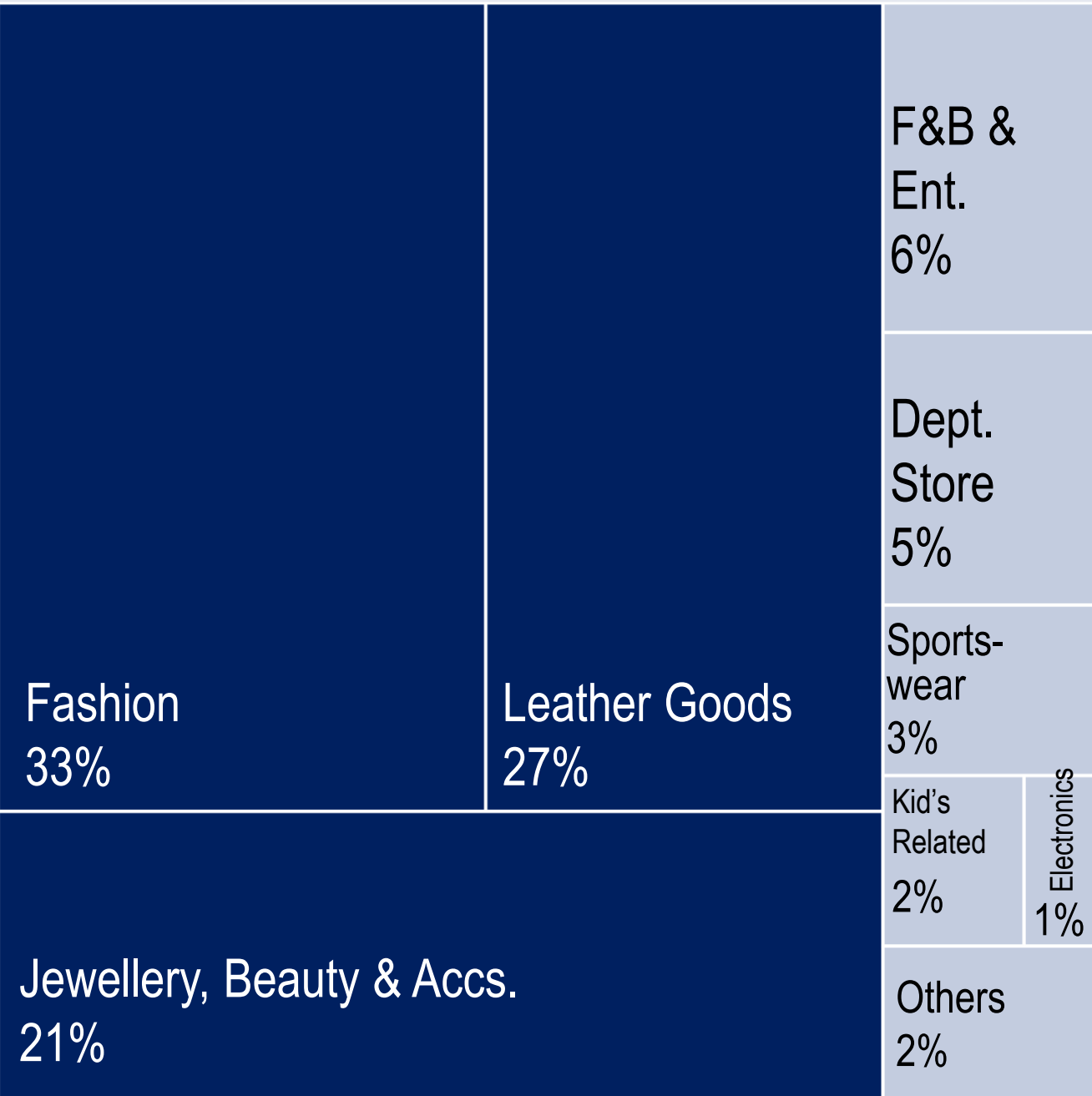
- Critical Mass & Location Foster Stable Demand
- Rents Under Pressure amid Cautious Sentiment
- Strategic Brand Realignment Enhances Mall Appeal
- More Office Expansions & Commitments from Finance & Insurance Co.

HARBOUR CITY

Sustainable Tenant Demand

HC Retail Rental Category Breakdown

2024: \$5.0B (+2%)



Strategic Expansion & Relocation (Selected Brands)



New Retail & F&B Entrants

Fashion	CANALI (1 st Café-retail)	KENT & CURWEN ENGLAND	RENE CAO VILLA	MANOLO BLAHNIK	UR URBAN REVIVO (HK debut)	Matin Kim (Kowloon debut)	
Lifestyle & Kids	HASSELBLAD (HK debut)	VILEBREQUIN	SALOMON	HOBBS LONDON	OYONÉ PARIS	K-SWISS	BIRKENSTOCK®
Jewellery & Accs.	GENTLE MONSTER	TASAKI	FRED	ART E MADRID	老鋪黃金 中国古法手工金器	GEORG JENSEN	
Beauty	SK-II #changedestiny	GUERLAIN PARIS	LA PRAIRIE SWITZERLAND	ALBION (Kowloon debut)	Maison Margiela PARIS (Fragrances)	JOYCE BEAUTY	
F&B	と挽肉 HIKINIKU TO COME	敘小麵 SO "MEEN"	THE MATCHA TOKYO	MULAN 沐瀾	兩仁杯 台式·茶飲·小食	麻吉 把夢點點在餐桌上 MATCHA	DIGREEN Surprise from Macao
							

HARBOUR CITY



TIMES SQUARE

Facecesss →

LaneCrawford ↓

BOTTEGA VENETA

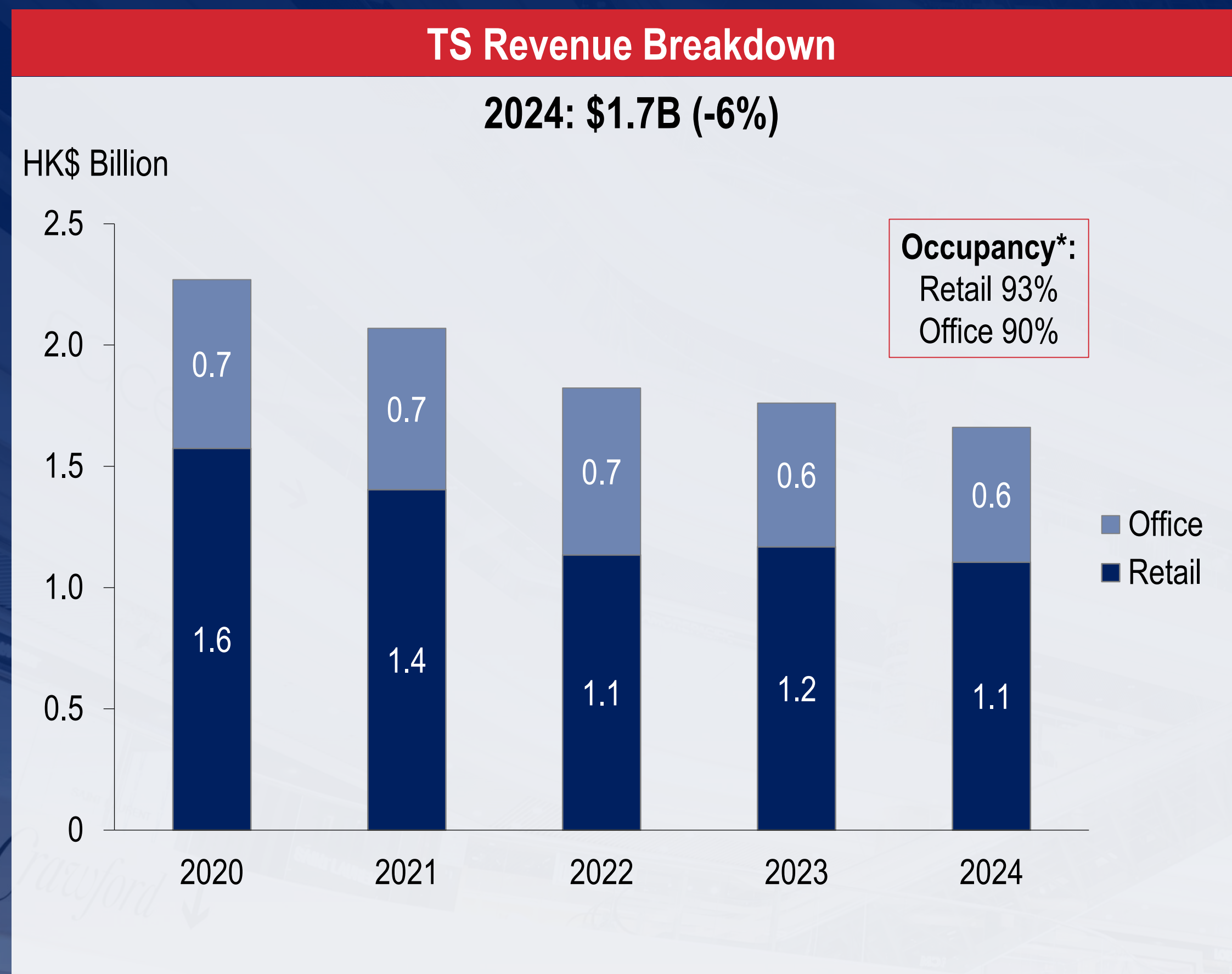
↓ LaneCrawford

GUCCI

Dior

celin

Steady Occupancies Despite Competition



*Year-end Occupancy Rate (%)

- Louis Vuitton Re-opened, Loewe to Expand
- Enriching Experiential Retailing & F&B
- Safeguarding Office Occupancy amid New Supply
 - +3 ppt HoH Driven by Tech, Media & Finance Co.
- Sustainability Efforts Welcomed by Tenants
 - LEED Platinum & WELL Health-Safety Rated

TIMES SQUARE

A wide-angle photograph of a modern hotel lounge. The room features a curved wall with a series of large, arched windows. The ceiling is high and has a complex, grid-like structure with a large, circular, illuminated light fixture. The floor is made of dark tiles. In the foreground, there are several tables and chairs, some with plants and drinks. A person in a dark suit is standing near a table in the middle ground. The overall atmosphere is sophisticated and contemporary.

HOTELS

The Murray & Marco Polo Hotels

The Murray, Hong Kong



Prince Hotel



Enrich, Connect & Responsible

First Rebranded Hotel
under Marco Polo

- Good Occupancies Offset by Softer Room Rates
- Rising Costs & Price-sensitive Customers
- Cross-hotel Rewards Programme & Featured Offers to Drive Repeat Visits
- Full-year Contribution from Prince Hotel
(Re-opened in Aug 23)

HOTELS



OUTLOOK

Full Recovery Still Uncertain

- Looming Trade War Top of People's Mind
- Visitor Spending & Local Consumption Sentiment Still Weak
- Renewed Interest Rate Concern Adding Risks to Economic Growth & Borrowing Costs
- Currency Fluctuation a Profound Uncertainty with No Signs of Dissipating
- Office Awaiting Economic Turnaround, Oversupply Takes Years to Digest

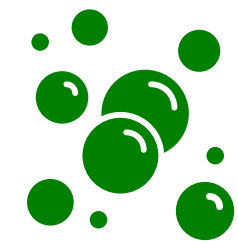
OUTLOOK



SUSTAINABILITY

2030 Targets On Track

2030 Targets*



**Overall GHG Emissions
To Reduce 30% by 2030[#]**

[#]Committed to Setting Near-term Targets According to Science Based Targets Initiative ("SBTi") Criteria. Upon which, New Carbon Reduction Targets will be Set



**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**

*Using 2014 as Baseline

2024 Performance



**Total General Refuse
Decreased by Over 20% (2019 Baseline)**



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



Food Donation & Recycling



Recycling Campaigns

SUSTAINABILITY

ESG Performances & Recognitions

Ratings & Awards

Hang Seng Corporate
Sustainability Index (AA+ Rating)

Hang Seng ESG 50 Index

FTSE4Good Index Series

MSCI ESG Rating
(A Rating)



ESG Reporting Standard/ Recommendations



HKEX
香港交易所
ESG Reporting Code

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

 **IFRS**
ISSB Standards

ESG Certifications

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



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

WELL Health-Safety Rated



EARTHCheck

Gold Certification:

MARCO POLO
HONGKONG HOTEL

Silver Certification:

THE MURRAY
HONG KONG
A NICCOLO HOTEL

NICCOLO
SUZHOU

Sustainability Financing

By Dec of 2024, the Group Had Accumulatively Arranged

\$11.1B
Sustainability-linked Loan

KPIs Related to HSI ESG Rating
& Key Environmental Performance

Environmental: Asset Enhancements & Renewable Energy

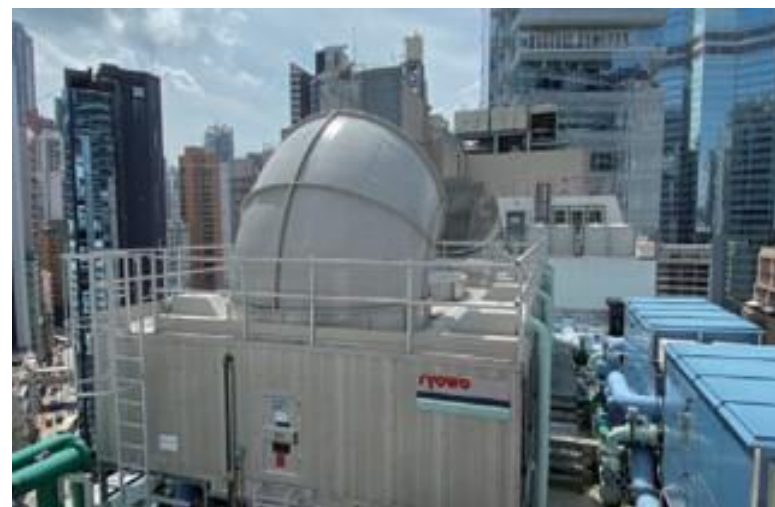
Solar-powered Systems

- **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)*



Ongoing System Upgrades

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



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)*



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

SUSTAINABILITY

Social: Community Contributions

What We Supported

Donation:
Top 3-Donors Ranking
For 4 Consecutive Years
by The Community Chest*



- Supports Youth Development via:**
- Project WeCan
 - The Wharf Art Scholarship Scheme
 - Architectural Design Internship Programme



*The Wharf Group incl. Wharf REIC & Wharf Holdings



- Volunteer Activities**
- Organized Close to 30 Community Activities with Staff Volunteering

Sponsorship:
Venue & Advertising Space for **Charitable Events**

Environmental Protection 10%	Social Welfare 53%	Arts & Culture 12%	Education 14%	Healthy Life 11%	Others 1%
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Note: In terms of no. of events



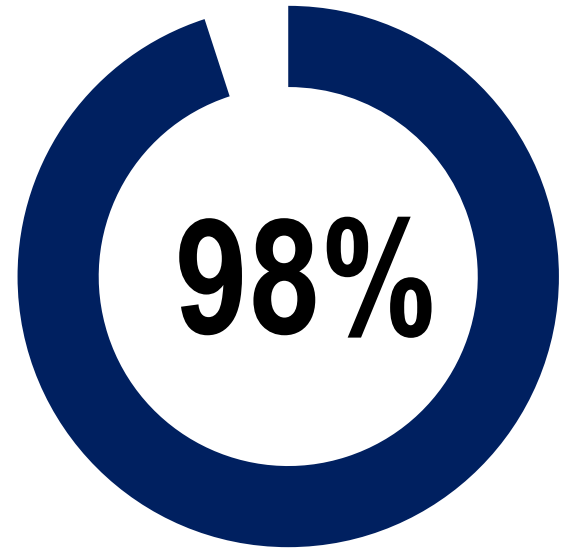
- Community Care**
Healthy & Happy Ageing:
- Bright Senior Ambassador Programme
 - Spring Cleaning Activity – Festive Blessings to the Elderly

People: Governance, Talent Development & Workplace Safety

Composition of Board of Directors (12 Board Members as of 31 Dec 24)



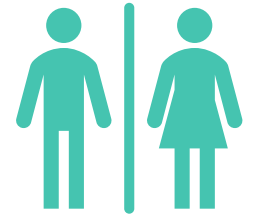
2024 Meeting Attendance*

Designation	<div><div></div><div></div></div> <div>Directors with Executive Functions (33%)</div> <div>INED (67%)</div>	
Age	<div><div></div><div></div><div></div><div></div></div> <div><56 (8%) 56-65 (17%) 66-75 (33%) >75 (42%)</div>	
Gender	<div><div></div><div></div></div> <div>Male (83%)</div> <div>Female (17%)</div>	
Ethnicity	<div><div></div><div></div></div> <div>Chinese (92%)</div> <div>Non-Chinese (8%)</div>	
Length of Service	<div><div></div><div></div></div> <div>2-5 Years (42%)</div> <div>> 5 Years (58%)</div>	



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

Achievements in 2024

Talent Development	 <div>Total No. of Training Hour Offered to Employees: Nearly 100,000 Hours</div>
Anti-corruption Training	 <div>Nearly 700 Hours For Board Members, Directors & Employees</div>
Gender Diversity	 <div>Maintain at a Good Range of 40%+ Female</div>

Workplace Safety



Selected Premises & Facility Safety Certifications:

- IAQ (Excellent Class) for Public Areas in Office Towers (HC, PH)*
- IAQWiSe (Excellent Level) for Public Areas (TS)#
- HKQAA Hygiene Control System Certification (HC)

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

#From Environmental Campaign Committee



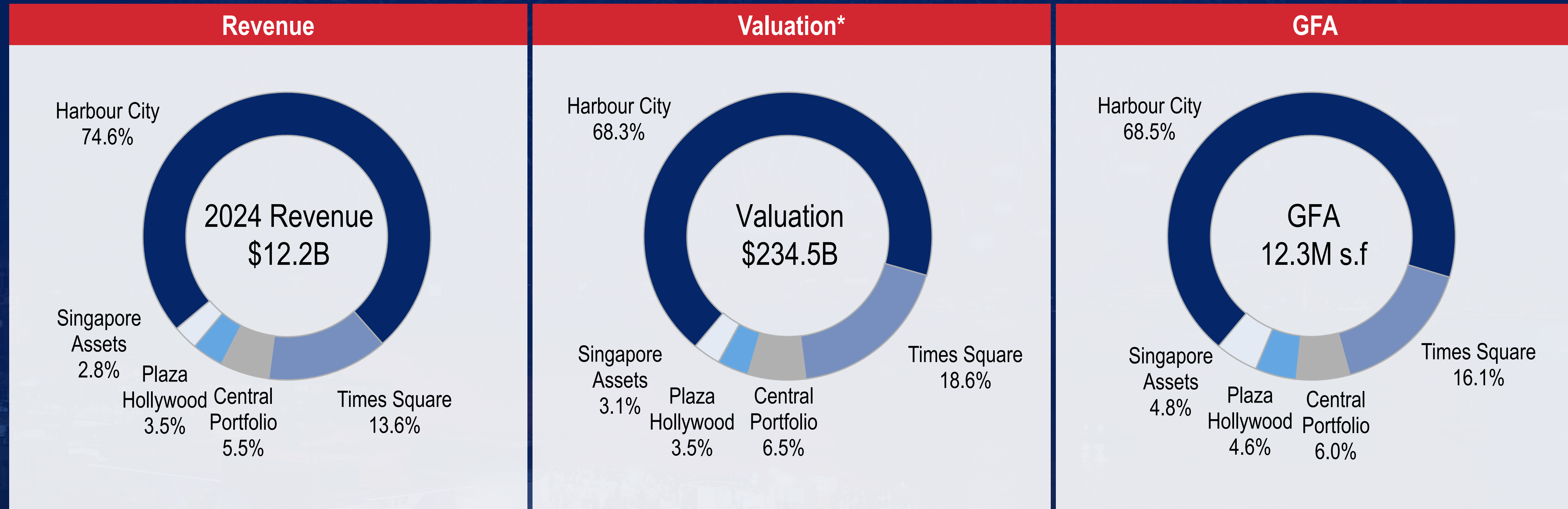
APPENDIX

HC/TS/PH Performance

	Harbour City	Times Square	Plaza Hollywood
2024 (HK\$B)			
Retail	5.6	1.1	0.4
Office	2.3	0.6	-
Hotels & Club	1.0	-	-
Serviced Apt.	0.2	-	-
Total Revenue	9.1	1.7	0.4
Valuation* as of 31 Dec 2024	159.5	43.7	8.2
2024 Avg. Retail Passing Rent (HK\$ psf per Month)	351	144	76

*Incl. Hotels at Valuation as of 31 Dec 2024

Premium Quality Portfolio



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

APPENDIX

Overview of Application of Funds

Major Capital & Development Expenditure				
HK\$M	Incurred in 2024	To be Incurred in Coming Years		
		Committed	Uncommitted	Total
HKIP	132	65	507	572
Singapore IP	1	-	-	-
Mainland Properties	63	142	133	275
Hotels & Others	21	20	-	20
Total	217	227	640	867

Thank You

Top Line Challenges Remain Hard

Wharf Real Estate Investment Company Limited

[HKEx Stock Code: 1997.HK]

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