

# Sturdy core business

## Wheelock and Company Limited

2017 Final Results Presentation

12 March 2018



## WHL / WREIC

Successful and smooth  
demerger



## \$26b

Record HK properties  
transactions



## MALIBU

Launched in Mar 2018 to  
unveil O'EAST portfolio



## 7.9m<sub>s.f.</sub>

Urban focused & diversified  
HKP land bank



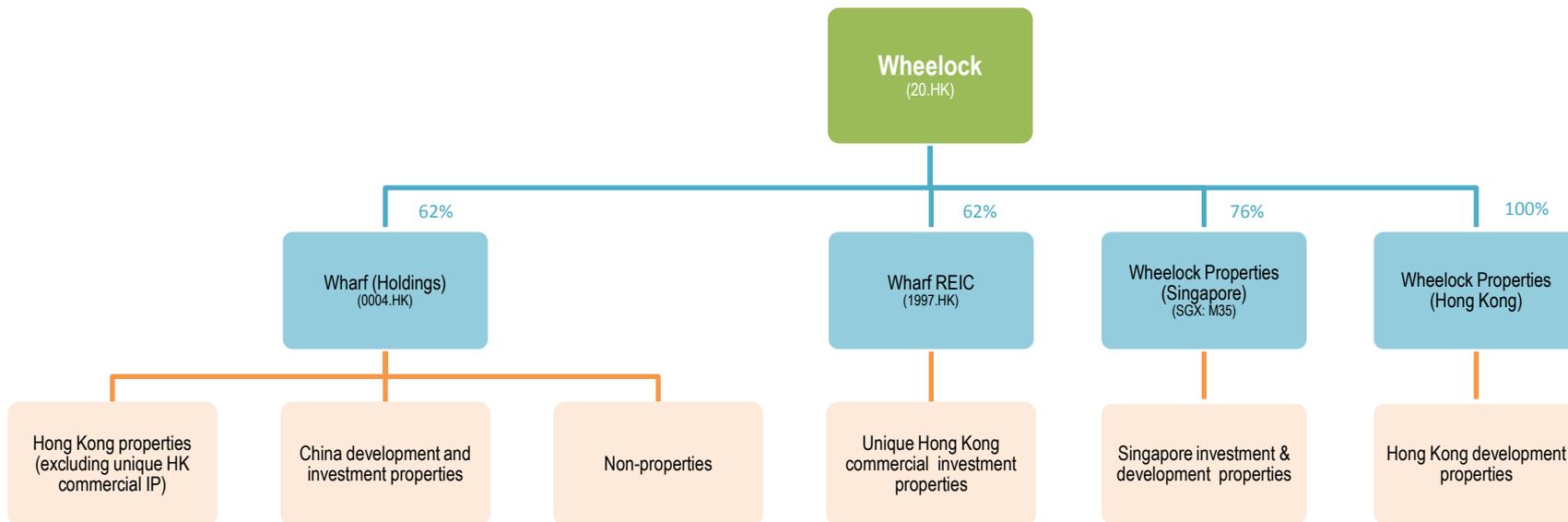
## 12%

Solid financial position  
WAC-own net gearing



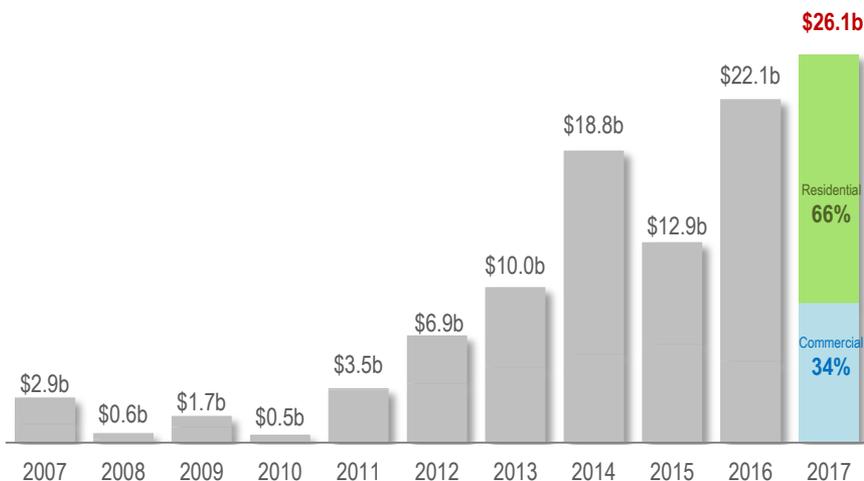
# Group structure post Wharf IP demerger

- Neutral to WAC. No shareholding dilution or disposal of assets
- Clearer strategic and investment profile for Wharf REIC
- Strengthened corporate governance. Dedicated Boards and INEDs for each key business
- Increased operational and financial transparency for investors to assess performance
- Optimized capital structure to match each key business's development needs



# Record year with \$26b HK properties transactions

- +18% from 2016
- 66% contribution from residential sales
- Diverse products sold demonstrates all-rounded sales capabilities
- \$9b net order book to lock in future revenue



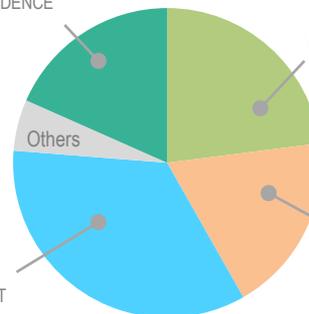
## High-end residences



## O'South residences



## Grade A office



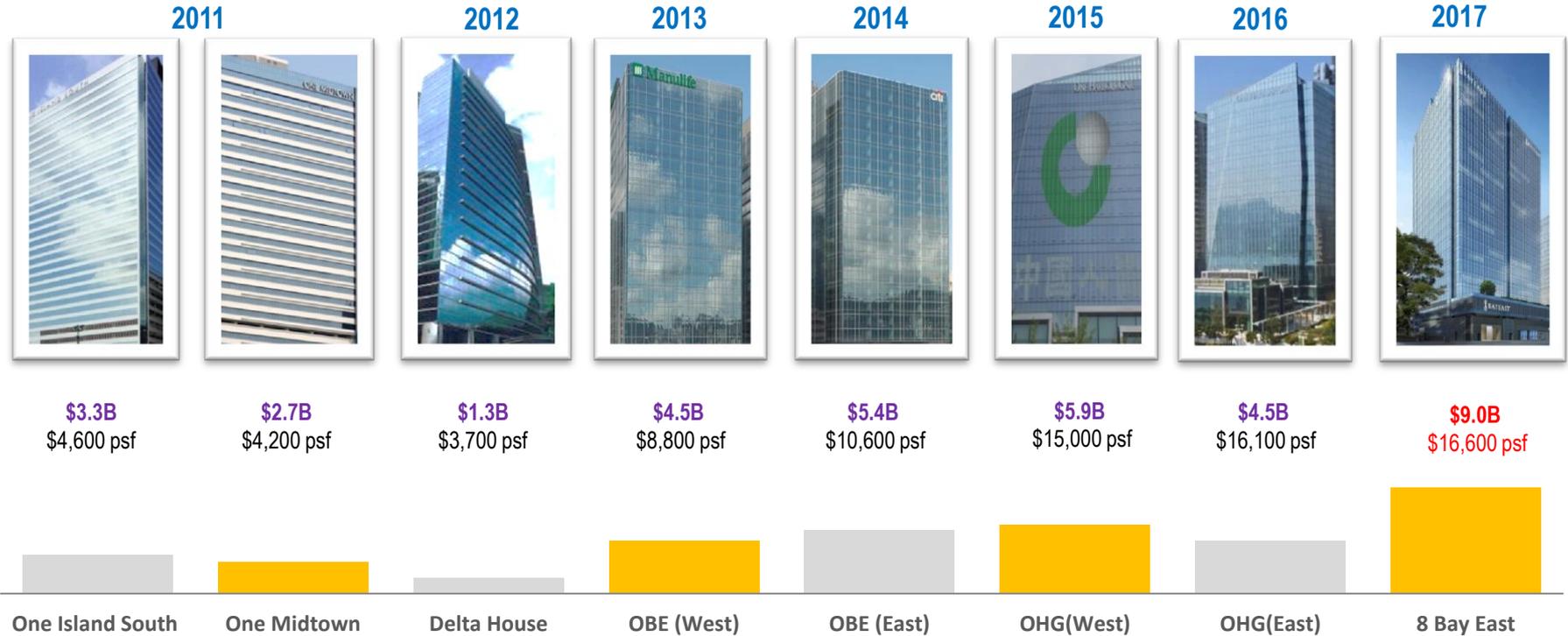
## Peak collection



\* Attributable contracted sales

# 8 Bay East disposed for \$9b, 8<sup>th</sup> office building transaction since 2011

- Total \$37b sales from office transactions since 2011
- Proven strong office demand to drive Kowloon East development





### **Green Workplace**

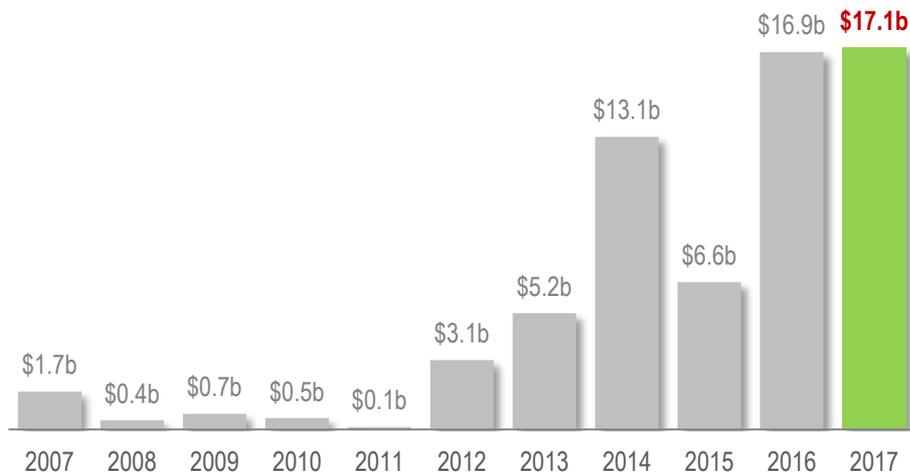
- Awarded US LEED® Platinum pre-certification, the highest standard in LEED certification
- Achieved HK BEAM Plus Gold pre-certification

### **Design Excellence**

- Sleek 25-storey office tower, providing a total GFA of 596,000 s.f.
- Grand entrance lobby with approx. 7.3m clear ceiling height
- Large floor plate of approx. 30,000 s.f. per floor and generous 4.2m structural headroom for typical floor

# Residential sales maintained steady momentum at \$17b

- 1,325 units sold / presold, steady growth over the years
- > 95% sell through rate achieved on launched units
- 7% market share, among Top 5 developers in HK
- MONTEREY and OASIS KAI TAK received positive feedback



# MONTEREY

— C&S —

- Presold 657 units for \$5.9b in 2017
- Grand finale of O'SOUTH
- Low density waterfront residence
- 40,000 s.f prestigious clubhouse
- Well developed transportation network
- GRAND MONTEREY presold 30 units in 2018 at \$23,000 psf, including a simplex unit presold at a record price of \$39,000 psf

*The Spirit of Living*





- Presold 306 units for \$3.0b in 2017
- Riverside residence in the heart of Kai Tak New Development Area
- One min walk to future Kai Tak MTR station
- Last of 6 residential sites tendered in Kai Tak in 2014
- Club Oasis and Oasis Garden enhance the green living concept
- GRAND OASIS KAI TAK presold 95% out of 150 launched units at \$24,000 psf in 2018

*The Spirit of Living*



MN

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MOUNT NICHOLSON  
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- \$20.5b sales since Feb 2016
- 14 apartments + 5 houses sold in 2017 for \$9.4b (\$4.7b attributable)
- Redefines ultra luxury living with record breaking valuation
  - House 3 sold at \$1.2b
  - Apartments 12C&D sold at \$132,000 psf in Nov 2017
  - Apartments 11C&D sold at \$128,400 psf in Jan 2018
- Remaining units will be selectively launched in 2018

*The Spirit of Living*

# O'EAST – A Touch of Urban Nature



## Living

480,000 s.f LOHAS mall to be opened in 2020

2 km TKO South Waterfront Promenade

## Transport

Linkage with CBDs via future TKO-LT Tunnel & Cross Bay Link

Future East Kowloon Line & Shatin to Central Link enhance connectivity



## Continuation of O'SOUTH Story

- 3 developments with over 4,000 residences
- Waterfront residence with panoramic views
- Only a few mins' walk to Lohas Park MTR station
- Well-developed transportation and community network



## Leisure

One million s.f of green open space, including The Park

Future TKO Water Sports Centre & TKO Sports Ground

## Education

2 international schools - French International School & Shrewsbury

Future football training centre



# MALIBU

O'EAST

A TOUCH OF URBAN NATURE

MALIBU

O'EAST

- Launched in early March 2018 to unveil O'EAST portfolio
- Positive market response with more than 10 times over-subscription
- Proximity to 480,000 s.f LOHAS mall
- 2 mins' walking distance to Lohas Park MTR station
- Breathtaking views of Silverstrand and Tseung Kwan O Bay
- 90,000 s.f Club MALIBU provides infinity pool and 24-hour gym facilities

*The Spirit of Living*

# Diverse sales pipeline to maintain momentum in 2018

- More than 5 residential projects in the sales pipeline
- Diverse product offerings
- No office developments under construction presently
- 2018 property sales not less than \$10b

## MTR Connectivity



MALIBU  
GRAND OASIS KAI TAK

## Peak Collection



MOUNT NICHOLSON

## Waterfront Living



GRAND MONTEREY

## Suburban Houses



GRAND NAPA

# 7.9m s.f urban-focused land bank with diverse offerings

- Entered into a Binding Offer to acquire a residential site in Kai Tak in Mar 2018
- Acquired a luxury residential site in Kowloon Tong in Jan 2018
- Acquired a waterfront residential site in Kowloon West through JV in Nov 2017
- Span over HK's key strategic regions, including the Peak, CBDs, O'SOUTH and O'EAST

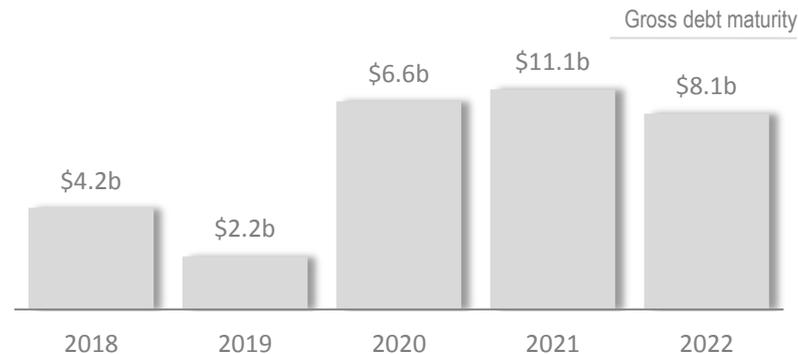
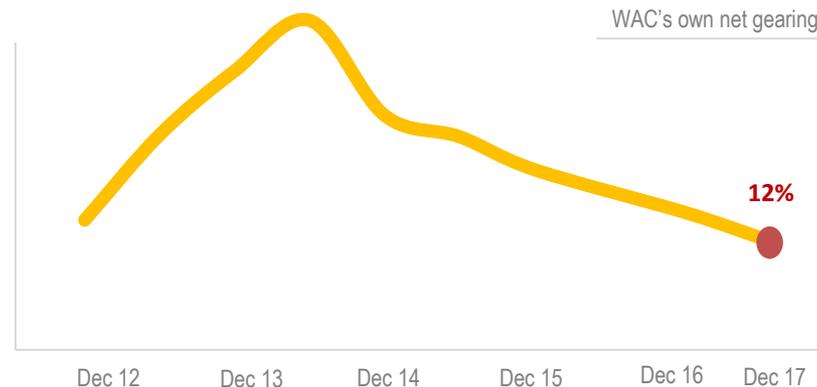


Remark: 7.1m s.f land bank as at 31 December 2017 ; 7.9m s.f as at 9 March 2018

# Prudent financial management continued



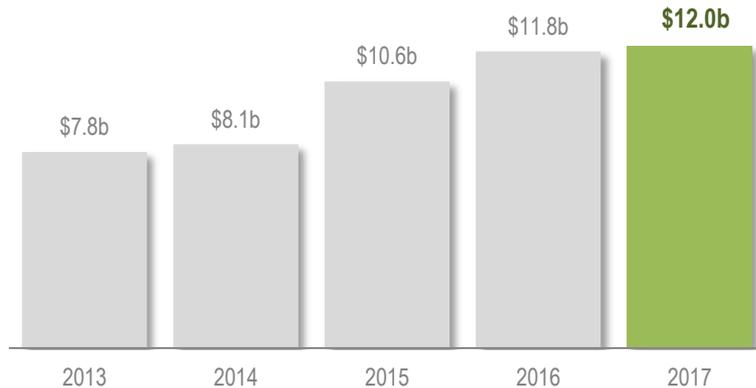
- Wheelock's own net gearing further reduced to 12% (as at 31 Dec 2017)
- \$9.5b HKP sales receivables to be recouped in coming 18 months (as at 31 Dec 2017)
- Only \$4.2b debt maturing in 2018 (all in Q1)
- Recurrent dividend income from Wharf, Wharf REIC and WPSL



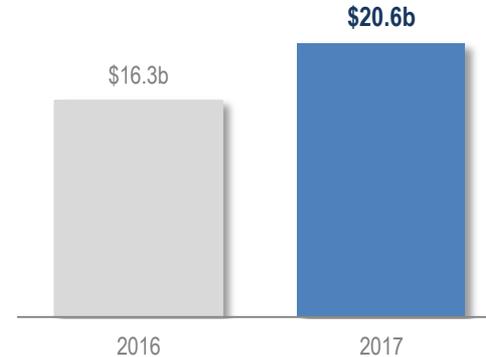
# Steady core profit under steadfast environment

- Group core profit +2% to \$12b, making a 10-year record high
- Profit attributable to shareholders +26% to \$20.6b
- Potential rate hikes, persisting escalation of construction and land costs may add pressure

Full year group core profit



Profit attributable to shareholders



# 2017 final results highlights

	FY2016 (HK\$m)	FY2017 (HK\$m)	% Change
Revenue	60,579	70,953	+17%
Operating Profit	21,135	23,857	+13%
<b>Core Profit*</b>	<b>11,811</b>	<b>11,989</b>	<b>+2%</b>
Profit Before IP Revaluation Gain	15,987	14,839	-7%
IP Revaluation Gain (net of tax)	307	5,731	+1,767%
Profit Attributable to Shareholders	16,294	20,570	+26%
Earning Per Share			
- Core*	HK\$5.81	HK\$5.88	+2%
- Attributable to Shareholders	HK\$8.02	HK\$10.09	+26%
Dividend Per Share			
- First Interim	HK\$0.450	HK\$0.475	+6%
- Second Interim	HK\$0.850	HK\$0.950	+12%
- Total	HK\$1.300	HK\$1.425	+10%

\* Excluded IP revaluation gain and exceptional items

# WHL/ WREIC results highlights

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- WHL and WREIC combined core profit increased by 21% to \$16.6b.<sup>#1</sup>
- WHL's core profit increased by 36% to \$7.1b, 88% from DP.
- WHL's 8 Bay East total profit gain was \$5.8b.<sup>#2</sup>
- WREIC's core profit increased by 12% to \$9.5b, 94% from the 6 core properties in HK.
- WHL and WREIC combined total distribution increased by 18% to \$7.7b (about 46% of combined core profit).

#1 Had there been no demerger

#2 With WHL's 8 Bay East realized \$1.3b IP revaluation surplus recorded in prior years, total profit gain was \$5.8b (out of sales proceeds of \$9.0b and was in addition to WHL's core profit). WHL realized over \$11b of net profit from sale of property interests in 2017.

## Education



- **Project WeCan** : number of participating schools is expected to increase from 53 in 2017 to **75 schools in 2018**
- **Young Innovators Bazaar** continued to give students a first-hand experience of entrepreneurship
- **Wheelock Internship Program** launched in 2016 to sponsor interior design graduates with overseas internship opportunities



## Art & Culture



- **Joint photo competition with National Geographic** to offer international platform for local emerging photographers
- **“Sharing Your Moments in Kai Tak” Facebook campaign** with proceeds going to ‘kaitak’, a Centre for R&D in Visual Arts
- **“2017 where to find heART Charity Art Exhibition”** showcased over 200 children painters’ drawings at Wheelock Gallery



## Community

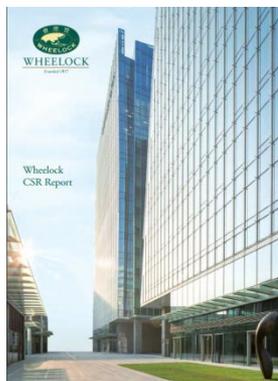


- **5<sup>th</sup> Swim for Millions** successfully raised \$3m for youth services
- **Hong Chi Christmas eCard Design Competition** to unleash disadvantaged students’ creativity
- Active participation from staff volunteers, over **1,700 volunteer hours** dedicated to **75 activities**



## CSR Report

- Wheelock and Wheelock Properties' joint 2016 CSR report published in Jun 2017
- Prepared in accordance with Global Reporting Initiative (GRI G4) standard and independently verified



## Recognition

- Admitted as a constituent member of **Hang Seng Corporate Sustainability Benchmark Index** in September 2017
- 8 Bay East awarded **US LEED® Platinum** pre-certification, its highest standard; the project also awarded HK's BEAM PLUS Gold certifications



Hang Seng Corporate  
Sustainability Index Series



## Awards

- “Corporate Social Responsibility Project of the Year” Award by RICS HK for 4 consecutive years
- “Top 10 Developers” Award by BCI Asia for 6 consecutive years
- “The Outstanding Developer Awards 2017” by 《Capital》



# End of Presentation

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**Wheelock and Company Limited (HKEx Stock Code: 0020.HK)**

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