

HK\$23 Billion Residential Sales a New High

Wheelock and Company Limited

2018 Interim Results Presentation

14 August 2018



1H18 results Highlights

\$23.4b

Record HK residential
contracted sales



91%

Sell-thru rate achieved on
total units



2

Residential sites
acquired in 1H18



13.8%

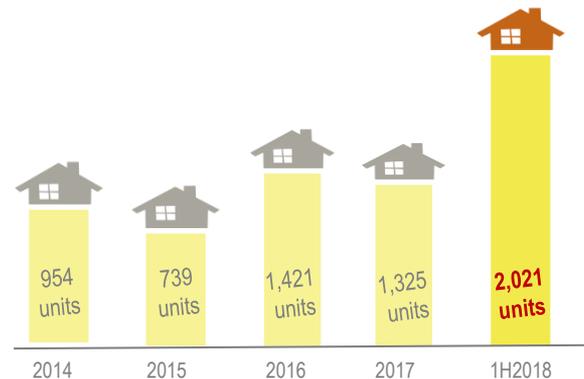
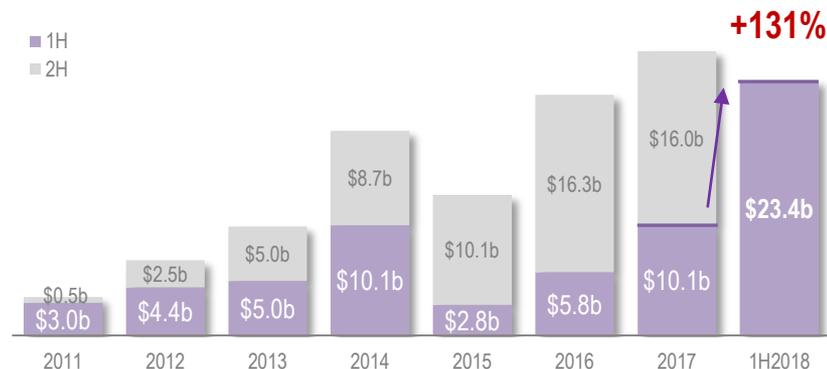
Solid financial position
WAC-own net gearing



Record \$23.4b contracted sales from 9 residential developments

- +131% from 1H2017, exceeding 2017 full year residential sales by 37%
- 100% contribution from residential sales
- 2,021 units sold / presold, steady growth over the years
- 20% market share, continues to rank among Top 5 HK developers

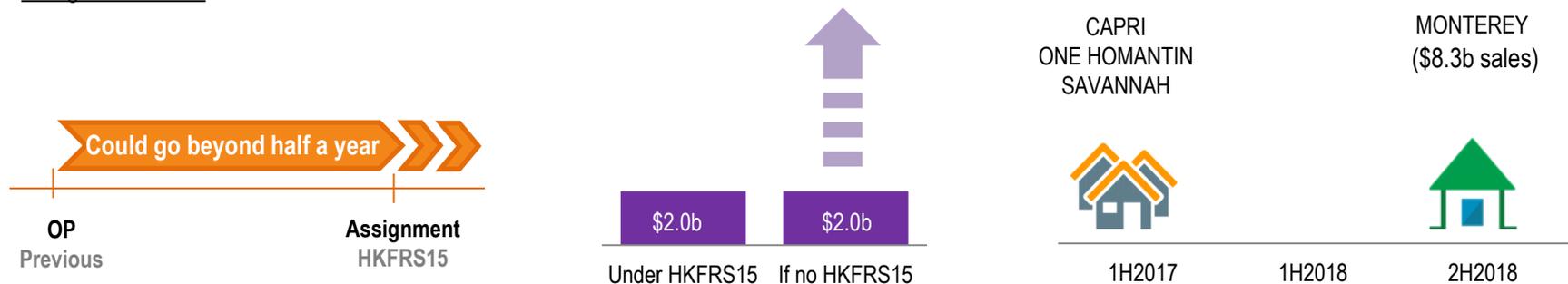
HKP Contracted sales



Sales recognition affected by new accounting policy

- Starting from 1 Jan 2018, revenue from sale of properties is recognised when the legal assignment is completed instead of Occupation Permit
- The postponement in recognition could go beyond half a year in practice
- Hence, 1H18 sales recognition for HK Properties was only \$2.0b as a result of the adoption of HKFRS 15.
MONTEREY will be postponed for recognition in 2H2018

Recognition timeline

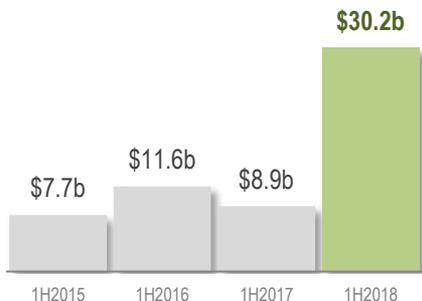


Strong net order book to lock in future revenue

\$30b

Net order book

- +243% to record high, lock in future revenue
- Driven by successful launches of MALIBU, GRAND OASIS KAI TAK and GRAND MONTEREY



91%

Sell-thru rate
on total unit

- Affirming proven execution and Wheelock brand recognition
- 99% sell-thru rate on launched units
- MALIBU achieved 97% on total units





MALIBU

O'EAST

A TOUCH OF URBAN NATURE

MALIBU

O'EAST

Unveiling our **O'EAST** portfolio

- Presold 1,552 units for \$14.3b, ASP close to \$16,000 psf
- A simplex unit was sold at \$26,700 psf in May 2018, setting a new benchmark in O'EAST
- Presold 99% on launched units or 97% on total 1,600 units, the largest scale development presold
- Proximity to 480,000 sf LOHAS mall and 2 mins' walking distance to Lohas Park MTR station
- Breathtaking views of Silverstrand and Tseung Kwan O Bay
- Expected completion in 1H 2020

Finale of **O'SOUTH** portfolio

- GRAND MONTEREY presold 98 units for \$1.5b, ASP at \$22,000 psf
- A simplex unit presold at a record price of \$39,000 psf
- All 657 units in Phase 1 presold for \$5.9b in 2017
- O'SOUTH portfolio generated \$22b sales in total, 1/3 of the region
- 40,000 sf prestigious clubhouse and well developed transportation network
- Expected completion in 2H 2018

The Spirit of Living





Our first **riverside residence** in Kai Tak

- GRAND OASIS KAI TAK presold 278 units for \$3.9b, ASP close to \$26,000 psf
- All 306 units in Phase one presold 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
- Club Oasis and Oasis Garden enhance the green living concept
- Expected completion in 1H 2019

The Spirit of Living

The ultra-luxury residence on the Peak

- \$22.7b sales since Feb 2016
- 2 apartments + 2 houses sold in 1H18 for \$3.3b (\$1.7b attributable)
- Continue to achieve phenomenal transactions:
 - House 2 sold at \$1.4b or \$151,800 psf in March, ranking the most luxurious home worldwide#
- Sought-after remaining units will be selectively launched and we expect to see continuous demand

The Spirit of Living

According to Christie's International Real Estate 2018 Report issued in June 2018





Unique products to be launched upon completion

- CAPRI and SAVANNAH houses are planned to be launched upon completion to better showcase the quality and unique design

The Spirit of Living

Urban-focused land bank span over HK's key regions

- 6.6Msf land bank after successful launch of MALIBU which sold 1.1Msf
- Acquired 2 sizeable residential sites in Kai Tak and Kowloon Tong
- Continue to replenish quality land bank through various means
- Span over HK's key strategic regions, including the Peak, CBDs, O'SOUTH and O'EAST



Promising Kowloon East Portfolio

- 1.3M sf portfolio which comprises of OASIS KAI TAK, Kai Tak riverside site and Sin Fat Road residential site in Kwun Tong
- MTR connectivity and future transportation enhancements
- Cruise Terminal and future mega Kai Tak Sports Park
- Upcoming pipelines:

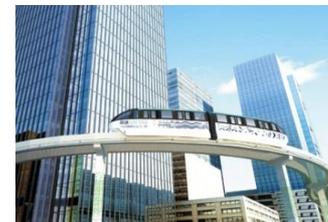


Sin Fat Road

- Harbourview residence with 0.8Msf GFA
- Future Kwun Tong Town Redevelopment

Kai Tak site

- Riverside residence with 0.4Msf GFA
- Synergy with OASIS KAI TAK



Prominent Kowloon Peninsula Portfolio

- 0.7M sf portfolio which comprises of ONE HOMANTIN, Cheung Sha Wan site and Lung Cheung Road site
- Well developed transportation network and mature community
- Prestigious school network
- Upcoming pipelines:

Cheung Sha Wan

- Scarce harbourfront residence with 1.0Msf GFA (0.2Msf attributable)
- Co-project manager with 22.5% ownership

Kowloon Tong

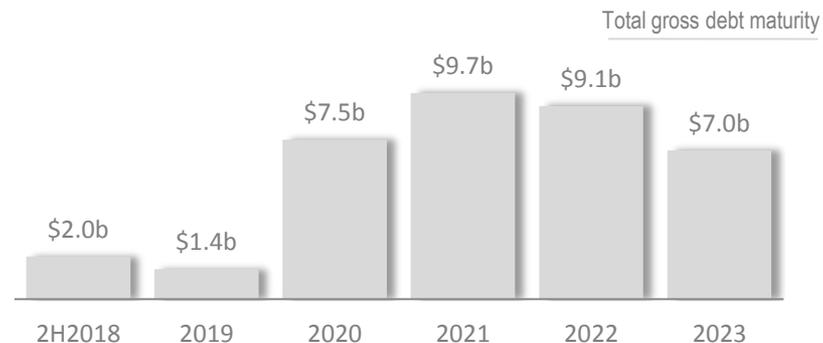
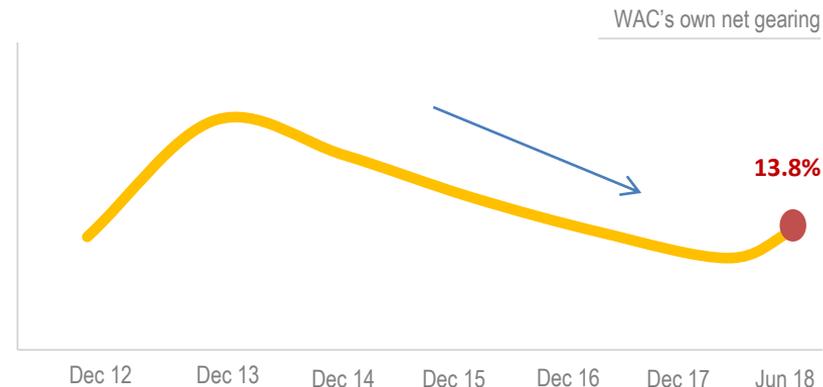
- Traditional luxury residence with 0.4Msf GFA
- It is poised to become an exquisite living destination



Prudent financial management continued



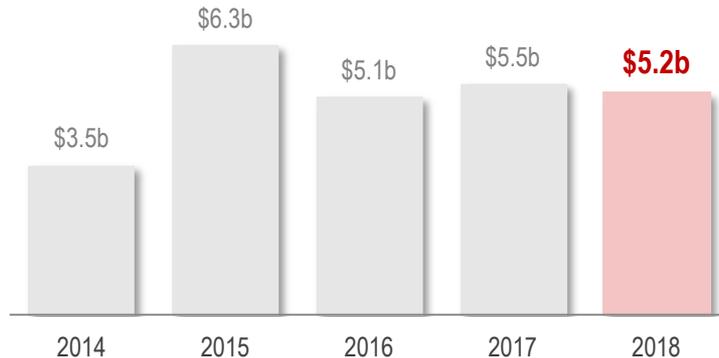
- Wheelock's own net gearing maintained at a low level of 13.8% (as at 30 Jun 2018)
- \$22b HKP sales receivables to be recouped in coming 18 months (as at 30 Jun 2018)
- Only \$2.0b debt maturing in 2H2018
- Recurrent dividend income from WHL, Wharf REIC and WPSL



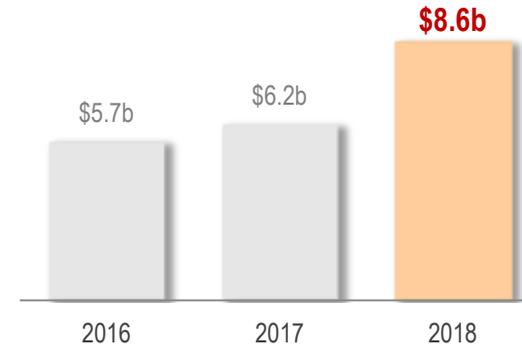
Steady core profit under steadfast environment

- Group core profit decreased by 6% to \$5.2b under HKFRS15
- Profit attributable to shareholders increased by 38% to \$8.6b
- Potential rate hikes and policy uncertainties may add pressure to the operation

1H Group core profit



1H Profit attributable to shareholders



2018 interim results highlights

(HKD'm)	1H 2018	1H 2017	% Change
Revenue	17,577	33,005	-47%
Operating Profit	9,648	9,697	-1%
Core Profit*	5,160	5,516	-6%
Profit Before IP Revaluation Gain	5,139	5,521	-7%
IP Revaluation Gain (net of Tax & NCI)	3,465	722	+380%
Profit Attributable to Shareholders	8,604	6,243	+38%
Earning Per Share			
- Core*	HK\$2.52	HK\$2.71	-7%
- Attributable to Shareholders	HK\$4.21	HK\$3.06	+38%
Dividend Per Share			
- First Interim	HK\$0.500	HK\$0.475	+5%

* Excluded IP revaluation gain and exceptional items

Wharf Real Estate Investment Company: Record Retail Sales Drove Robust Performance



- Harbour City contributed 63% of Wharf REIC's revenue and 72% of operating profit, at a profit margin of 89%
 - Retail revenue increased by 15% to account for 73% of total revenue.
 - Underlying retail sales grew at a robust 36.1% (vs HK average of 13.4%) to a new record of \$18.6b (for 7.5% of total Hong Kong retail sales) or \$2,700 per square feet per month
 - One block of Gateway Apartments is closed for conversion to office and retail for completion by mid-2019.
- Overall, Investment Properties ("IP") reported 14% growth in core profit
- Group revenue declined by 15% and operating profit by 10%, due to orderly exit from DP by listed subsidiary Harbour Centre Development Limited
- Nevertheless, Wharf REIC core profit increased by 8% to \$5.0b or \$1.65 per share
- Net debt excluding partly-owned subsidiaries declined by \$2.9b to \$40b on total assets of \$277b.
- An interim dividend of HK\$1.05 per share will be paid, in line with the policy of distributing 65% of realised IP core profit

Wharf (Holdings) : DP Contributed 62% of Core Profit

- Adjusting out the now demerged Wharf REIC, the following comparison to 2017 is intended to provide a more meaningful perspective
 - Revenue increased by 4% to \$7.8b and operating profit by 84% to \$2.8b
 - However, core profit decreased by 9% to \$2.5b (2017: \$2.8b)
 - DP declined by 24% to account for 62% of the total (2017: 73%), partly due to timing differences
 - Logistics declined by 21% to account for 9% (2017:10%)
 - All other segments improved
- Inclusive of net IP revaluation surplus of \$369 million (2017: \$699 million), Group profit declined by 19% to \$2.9b (2017: \$3.5b)
- Net debt increased to \$29.3b (Dec 2017: net cash of \$9.3b), gearing 20%
- Market value of equity investments (excluding the 25% interest in Greentown China Holdings Limited) was \$29.0b; unrealised surplus \$1.0b
- Net asset value \$142.5b or \$46.77 per share

Privatisation proposal:

- Voluntary unconditional general offer was made on 19 July 2018 to privatise WPSL, which the Group holds 76.2% in stake, with an offer price of S\$2.1 per share in cash at a maximum total consideration of S\$598 million
- Offer Document was despatched on 10 August 2018 while the despatch of WPSL's circular containing the views of the Independent Directors will be no later than 24 Aug 2018
- The offer price represents a 21% premium to its last closing price before the offer on 13 Jul 2018 and is even higher than any closing price since January 2010
- For shareholders, the offer represents an attractive opportunity to exit their entire investment in WPSL, which may otherwise be difficult due to the low trading liquidity of WPSL shares



Project WeCan



- First time co-organized a joint-school **STEAM** project with **HKUST**.
- A total of 17 teams are formed to **produce a prototype** and outstanding ones were showcased at Plaza Hollywood in July 2018.



Education



- The **largest scale Career Exploration Day** was held in April 2018 at VTC (Tsing Yi)
- Over **200 volunteers** from 36 companies and organizations supported, benefiting **over 4,000 Form 4 students**



Innovation



- **Grand opening of HKSTP @Wheellock Gallery** in April 2018, providing a **prime location for I&T sector and start-ups**.
- To stimulate stronger investment activities while bringing synergy to our own **digitization journey**.



Art & Culture



- **National Geographic Wheelock Youth Photo Competition** attracted over **3,500** entries from 13 countries/regions
- **Winner's exhibitions** was held at Wheellock Gallery from 28th February to 11th March 2018.

CSR

- Wheelock and WPL 3rd joint **CSR report** published in Jun 2018
- Low-carbon Office Operatoin Programme (**LOOP**) certification by WWF-HK for 6th consecutive year
- Saved **72,000** plastic bin liners and **↓66%** waste intensity at HQ in 2017
- Target to **↓10%** energy consumption at HQ and **↓3%** greenhouse gas emissions on construction sites in 2020.



Awards

- **Mr. Stewart Leung**, Vice Chairman of the Group, was awarded “**Lifetime Achiever Award**” by RICS for his extraordinary contributions to the real estate industry.
- “**Top 10 Developers**” Award by BCI Asia for 7 consecutive years
- **One Bay East** awarded “Sustainability Achievement off the year”
- **PENINSULA EAST** awarded “Residential Team of the Year - Certificate of Excellence”.



End of Presentation

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

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