

Core Business Charting a Steady Course

Wheelock and Company Limited
2013 Final Results Presentation

28 March 2014



Results highlights

+45%

HKDP
Property Sales

+16%

Wheelock
De-consolidated
Core Profit

+8%

Consolidated
Core Profit

7.9M

HKDP Land Bank
under Management

Section 1

Business strategies and management team

Core business – Hong Kong Development Properties (“HKDP”)

1. HKDP is Wheelock’s core business
2. Clear separation of business focuses from Wharf and Wheelock Singapore



Seasoned management team with proven execution

1. A combination of energetic and seasoned management team
2. Proven execution in past 5 years:

HKDP Sales **+488%**

Core Profit **+153%**

Net Asset Value **+117%**



Mr. Douglas Woo
Chairman and Managing Director

- Director of REDA
- APBC (HK/ PRC) Alternate Representative
- HKGCC Economic Policy Committee member
- WWF Executive Committee
- Christies Asia Advisory Board
- Member of the HKUST Business School Advisory Council

Mr. Stewart Leung
Vice Chairman

- Chairman of REDA Executive Committee
- Over 40 years of experience in property industry

Mr. Paul Tsui
Executive Director &
Group Chief Financial Officer

- FCCA, FCPA, FCMA, CGMA, FCIS, CGA-Canada

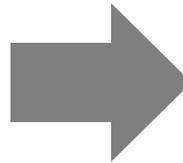
Mr. Ricky Wong
Director

- Associate Member of HKSAR - Central Policy Unit (CPU), HK Government's top advisory body
- Vice Chairman of the Real Estate and Infrastructure Committee of HKGCC
- Member of Legal Sub-committee of REDA

Well-positioned to face challenges ahead

Challenges ahead

1. **Government cooling policies** expected to continue
2. Increasing **construction costs**
3. Global **interest rates rise** expectation
4. **Land replenishment**

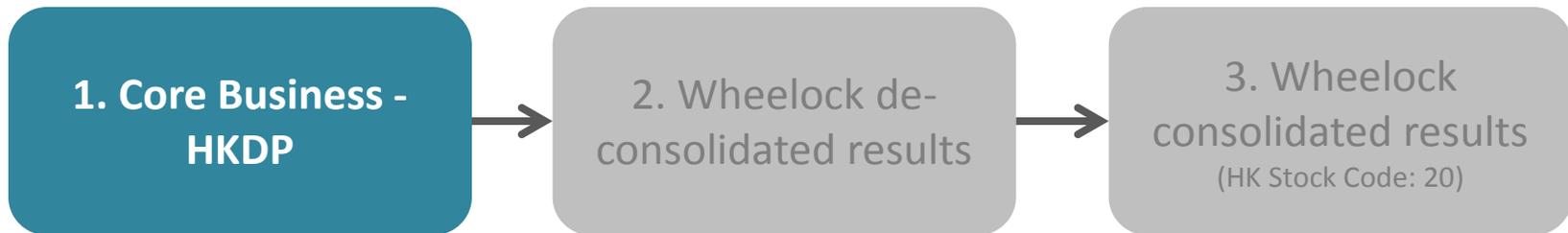


Solid business platform built

1. **Seasoned management team** experienced market ups and downs
2. **Quality DP land bank** at competitive cost
3. Low inventory, proven **fast asset turnover**
4. Pro-active **cost management**
5. **Strong balance sheet**

Section 2

2013 Financial Results



HKDP – solid performance in a challenging year

1. \$10.0B property sales, target achieved

- +45% vs. 2012
- 100% of full year sales target
- Net order book accumulated to \$11.1B

2. 2.2M sq. ft. DP land bank replenished at \$5,300 psf AV

- \$11.7B invested vs. \$10.0B property sales
- 5 sites acquired in Ho Man Tin, Tseung Kwan O South, Tuen Mun & Shau Kei Wan Road
- 7.9M sq. ft. quality DP land bank under management

3. Kadoorie Hill completed on schedule

- \$1.9B revenue & \$0.6B HKDP core profit recognized
- Won BCI Asia's "Top 10 Developers" Award
- 93 points from Cable TV's property program, higher than 2013 avg. 82 points

HKDP - actively managed business in 2013

		Property Sales	Land Acquisition
Oct 2013	Sold 100% The Austin Phase 1 in 3 weeks	\$5.0B*	-
Sep 2013	Kadoorie Hill handover to buyers	-	-
Jul 2013	Acquired TKOTL126 site	-	\$3.7B
Jun 2013	Acquired Ho Man Tin site	-	\$3.8B
Apr 2013	Acquired TKOTL112 site	-	\$2.5B
Mar 2013	Sold OBE West Tower to Manulife	\$4.5B	-
Feb 2013	Acquired Shau Kei Wan Road site	-	\$0.3B
Jan 2013	Acquired Tuen Mun So Kwun Wat site Kadoorie Hill completed	-	\$1.4B
	Total:	\$10.0B	\$11.7B





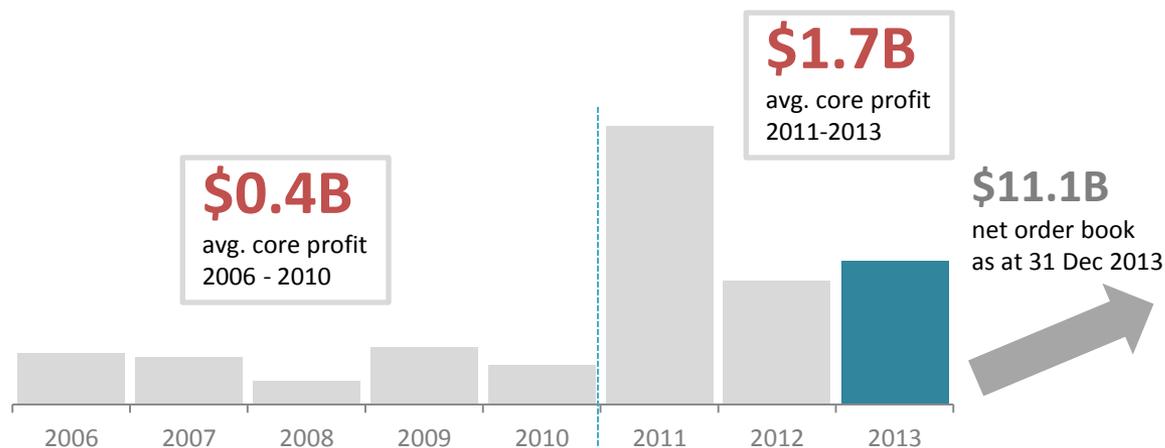
Wheelock de-consolidated core profit +16%

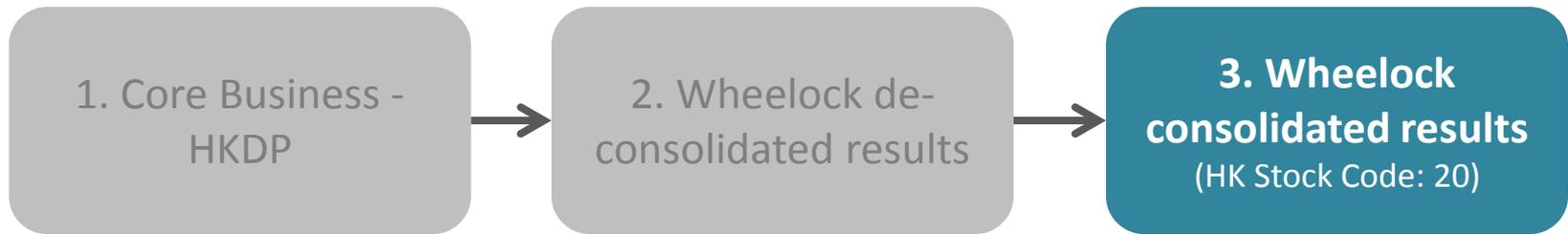
1. Growth driven by recognition of \$1.9B Kadoorie Hill sales
2. Focus on HKDP since 2010
3. Significant core profit growth since 2010

Wheelock de-consolidated results

(HK\$M)	2012	2013	Change
Revenue	961	2,525	+163%
Operating Profit	666	1,187	+78%
Core Profit	1,122	1,303	+16%
IP Revaluation Surplus	1,474	320	-78%
Profit after IP Revaluation Surplus	2,596	1,572	-39%

Core profit taking off since HKDP focus in 2010

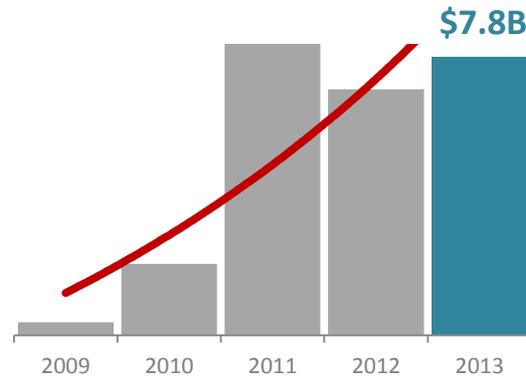




Wheelock consolidated core profit +8%

1. Consistent core profit growth trend since 2009
2. Positive core profit growth from 3 key segments
3. Wheelock's core profit contribution at 17%
4. Net asset value +117% since 2009

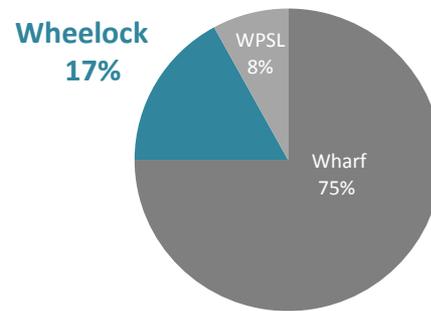
Consistent core profit growth



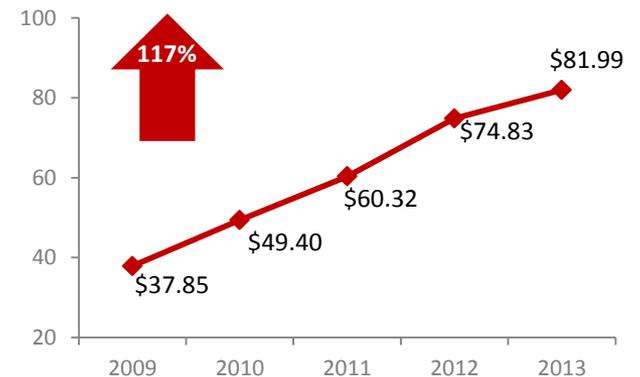
Positive growth from 3 key segments
(attributable core profit)

Wheelock **+16%**
Wharf **+4%**
WPSL **+26%**

Wheelock's core profit contribution



Net asset value per share
+117% since 2009



Wheelock consolidated – 2013 financial highlights

	FY2012 (HK\$M)	FY2013 (HK\$M)	% Change
Revenue	33,124	35,071	+6%
Operating Profit	15,570	14,938	-4%
Core Profit*	7,267	7,822	+8%
Profit Before IP Revaluation Surplus	8,734	7,724	-12%
IP Revaluation Surplus (net of Tax & NCI)	18,201	9,230	-47%
Profit after IP Revaluation Surplus	26,935	16,954	-37%
Earning Per Share			
- Core*	HK\$3.58	HK\$3.85	+8%
- Attributable to Shareholders	HK\$13.26	HK\$8.34	-37%
Dividend Per Share			
- First & Second Interim	HK\$0.85	HK\$1.00	+18%
- Special Dividend	HK\$0.25	Nil	-100%
- Total	HK\$1.10	HK\$1.00	-9%

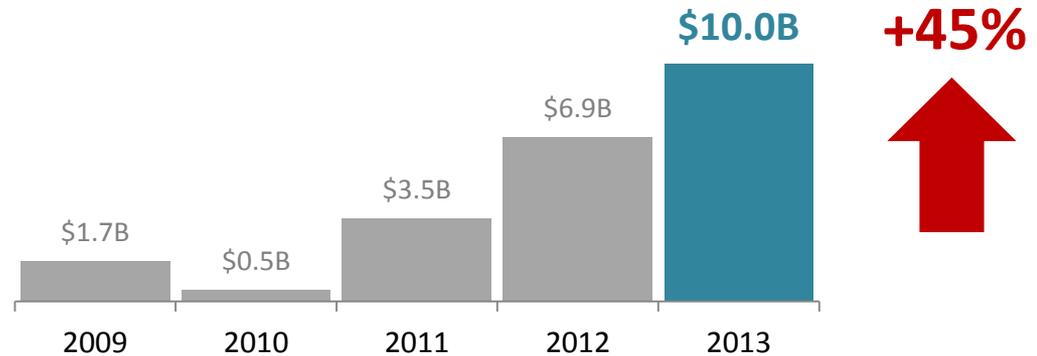
Section 3

Business review - HKDP

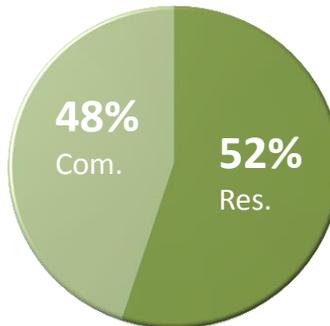
HKDP property sales on track at \$10.0B

1. \$10.0B HKDP property sales
2. Full year target achieved
3. +45% over 2012
4. Proven sales execution capabilities
5. Successful risk diversification from office portfolio

HKDP property sales increased 45%



Balanced sales between residential and commercial



Residential sales

The Austin	\$5.0B
Others	\$0.2B

Commercial sales

One Bay East (West Tower)	\$4.5B
Others	\$0.3B

The Austin: 1st phase all 576 units sold in 3 weeks for \$10.0B

1. Extension on Canton Road, synergy with Harbour City,
2. Good JV partnership (NWD & MTRC)
3. Prime city centre harbour facing site
4. 3 rail stations & 4 rail lines:
 - Austin MTR station
 - High-speed rail station
 - Kowloon station (Tung Chung MTR line & Airport Express line)
5. 2nd phase pre-sales in 2014*

In 3 weeks:

**100%
SOLD**

1st phase
576 units

**\$10B
SALES**
gross sales
proceeds

**\$22,000
per sq.ft.**
avg. selling price
(saleable area basis)

Unrivalled Living convenience



One Bay East – single largest transaction in past 18 months

1. \$4.5B sale of West Tower to Manulife in March
2. Manulife’s largest oversea property acquisition
3. Awarded “Best Deal of the Year 2014” by RICS HK Awards to CBRE (as agent)
4. Negotiating with interested buyers for East Tower
5. Full completion scheduled in 2015

East Tower with 512,000 sq. ft. scheduled for marketing in 2014



<u>Grade A Twin Tower</u>	<u>GFA</u>	<u>Status</u>
West Tower	512,000 sq. ft.	Sold at \$4.5B in 3/2013
East Tower	512,000 sq. ft.	Marketing in 2014

Panoramic views of the Victoria Harbour



* Harbour views from OBE

Maintain sales momentum in 2014

1. \$10.0B sales target

2. 3 projects in the sales pipeline:

One Bay East (East Tower)
The Austin Phase 2
High Street

3. Scheduled completion:

Lexington Hill (1H)
The Austin Phase 1 (2H)

The Austin Residential

Phase 1

- Scheduled for OP in 2H 2014

Phase 2

- Scheduled for pre-sales in 2014
- 740,000 sq.ft. GFA
- ~600 residential units
- Awaiting pre-sales consent

One Bay East Commercial

East Tower

- Scheduled for pre-sales in 2014
- 512,000 sq. ft. GFA
- Panoramic harbour views
- Scheduled for OP in 2015



Lexington Hill Residential

Property Sales

- All 104 units & 23 car park sold
- \$1.3B sales proceeds generated

Completion

- OP obtained in March 2014

High Street Residential

Property Sales

- Scheduled for pre-sales in 2014
- ~70,000 sq. ft. GFA
- ~70 residential units

Completion

- Demolition works completed
- Foundation works underway
- Scheduled for OP in 2016

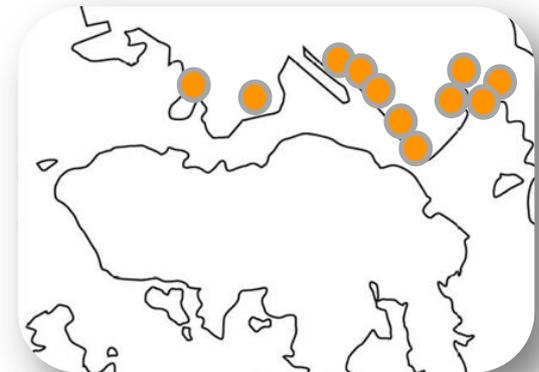
Competitive 7.9M sq. ft. DP land bank

1. 7.9M sq. ft. quality DP landbank under management
2. Adequate to fill our development need in coming years
3. \$4,630 psf average land cost, if excluding Peak portfolio
4. 2.8M sq. ft. land bank managed for Wharf
5. 500,000 sq. ft. land bank on the Peak at high AV

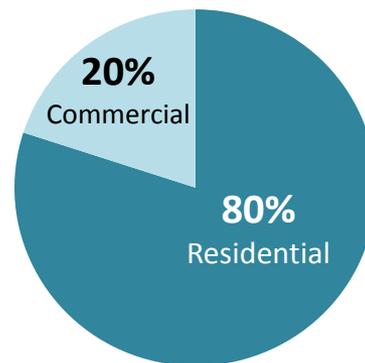
95% in city centre locations



66% on the Victoria Harbour



80%/20% mix between residential & commercial



4 city centre sub-markets

	No. of projects	GFA (sq. ft.)
TKO South	4	2.35M
Kowloon East	5	2.80M
Kowloon South	3	1.72M
The Peak	4	0.50M
Others	8	0.53M

TKO South Portfolio – Taikoo+ green living concept

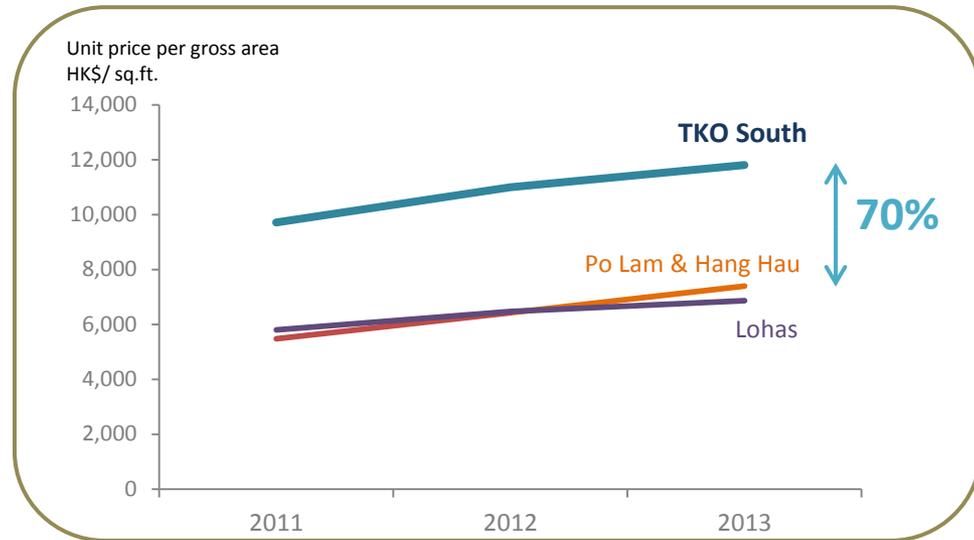
1. 180-degree Victoria Harbour views
2. 2x Kowloon Park sized green space
3. 3 MTR stops to Quarry Bay, 20 minutes to Central
4. 3 schools planned including international school



	<u>TKO South</u>	<u>Lohas</u>	<u>Po Lam & Hang Hau</u>
Development time	2010s	2000s	1990s
Density	Mid to low	High	High
Green area	2.2M sq. ft.	limited	limited
Victoria Harbour facing	Yes, south	Yes, west	No
MTR stops to Quarry Bay	3	5	4

TKO South Portfolio - price premium vs. other TKO areas

1. TKO South commands 70% price premium vs. other TKO areas
2. Upside potential vs. Island East & Tuen Mun new projects sold



TKO South Portfolio – 3 waterfront sites & competitive land cost



1. 3 waterfront sites + 1 MTR site, majority units enjoy water views
2. Product diversity: high-rise, mid-rise & houses
3. Low land cost base at \$4,200 psf
4. TKOTL119 pre-sales in 2015



* Harbour views from TKOTL112

	GFA (sq.ft.)	AV (\$/psf)	Aspect
TL119 Jan 2012	0.49M	3,800	Park
TL125 Dec 2012	0.43M	4,600	Harbour
TL112 Apr 2013	0.57M	4,300	Waterfront
TL126 Jul 2013	0.86M	4,300	Harbour

Kowloon East Waterfront Portfolio – Bay East Waterfront Cluster

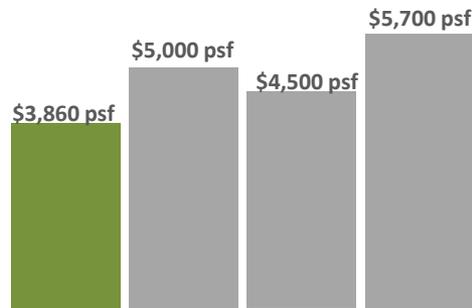
1. 1.9M sq. ft. waterfront portfolio
2. 3 projects span along 500-metre Victoria Harbour coastline
3. Panoramic views of Victoria Harbour and Kai Tak Cruise Terminal
4. Existing MTR and future mono-rail connections

Waterfront location with good connectivity



Bay East Waterfront Cluster	GFA (sq. ft.)
One Bay East – East Tower	0.51M
Wharf T&T Square	0.60M
Kowloon Godown	0.83M
Total GFA	1.94M

Low land cost base



One Bay East July 2011 Nov 2012 transaction Nov 2013 transaction Jan 2014 transaction



- One Bay East
- Nov 2012 transaction
- Jan 2014 transaction
- Nov 2013 transaction

Kowloon East Waterfront Portfolio– Yau Tong Harbourfront Cluster

1. Panoramic views of Victoria Harbour
2. 2 MTR stops to Quarry Bay, next to East Harbour tunnel
3. 2 projects:

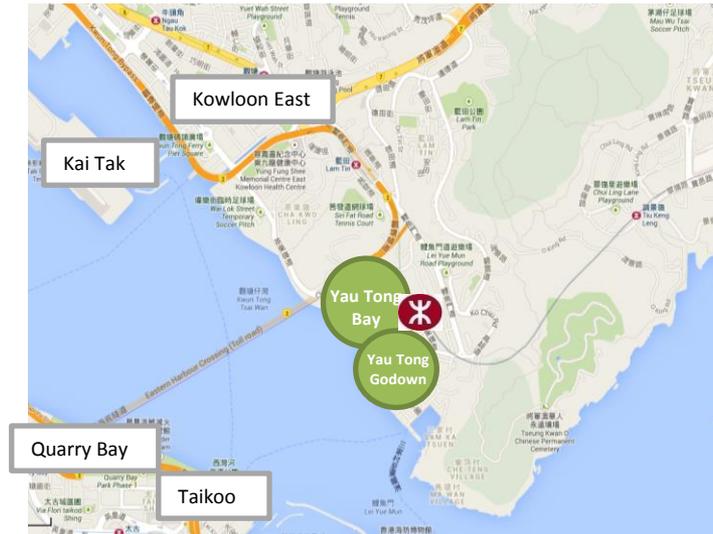
Yau Tong Godown Redevelopment

- Foundation works underway

Yau Tong Bay

- 4M sq.ft. mega harbourfront residential redevelopment
- Co-project manager with Henderson Land
- 15% interest, 0.6M sq.ft. attributed GFA

Waterfront location with good connectivity



Yau Tong Harbourfront Cluster	Attributed GFA (sq. ft.)
Yau Tong Godown	0.26M
Yau Tong Bay (4M sq.ft. mega residential redevelopment)	0.60M @15% ownership
Total	0.86M



* Harbour views from Yau Tong Godown

The Peak Portfolio – half a million sq. ft. land bank on the Peak

1. **Rare** 500,000 sq. ft. GFA of luxury land bank
2. **Limited supply**, no available government land supply since 2010
3. **Good locations** for 4 projects under development
4. **Low land cost**, 3 out of 4 are historical land bank, less cashflow pressure

Peak Portfolio

Mount Nicholson	324,000 sq. ft.
1 Plantation Road	90,705 sq. ft.
11 Plantation Road	46,349 sq. ft.
77 Peak Road	42,200 sq. ft.



* Aerial view of Mount Nicholson

Kowloon South Portfolio – 1.7M sq. ft. urban portfolio

1. Closed to MTR stations

2. One HarbourGate

- Harbour-front office & retail villas
- Transportation hub: MTR Whampoa Station, MTR East & West rails

3. Ho Man Tin

- Proximity to future Ho Man Tin Station (complete in 2016)
- Victoria Harbour views

Kowloon South Portfolio

Austin Station	0.74M s.f.
One HarbourGate	0.59M s.f.
Ho Man Tin	0.39M s.f.

THE AUSTIN



ONE HARBOURGATE



Successful Grade A office development

1. Timely land acquisitions of since 2005 at competitive cost
2. Sold 1.9M sq. ft. in last 3 years, solid track record
3. Proven attractive diversification
4. 1.7M sq. ft. waterfront office portfolio within or near CBD2 to be launched

ONE ISLAND SOUTH



ONE MIDTOWN



Successful office sales

2011	One Island South	720,000 sq. ft.
2012	One Midtown	640,000 sq. ft.
2013	One Bay East (West Tower)	512,000 sq. ft.
2014	One Bay East (East Tower)	512,000 sq. ft.
2015	One HarbourGate	590,000 sq. ft.
After 2016	Wharf T&T Square	596,000 sq. ft.

ONE BAY EAST



ONE HARBOURGATE



Office development potential in CBD2

1. Strategic Kowloon East location
2. Future infrastructure:
 - Shatin-to-Central MTR
 - Kai Tak redevelopment
 - Monorail
3. CBD2 will outgrow Central as HK's largest CBD by 2020*
4. Office sales price in CBD2 increased 70% in 2 years

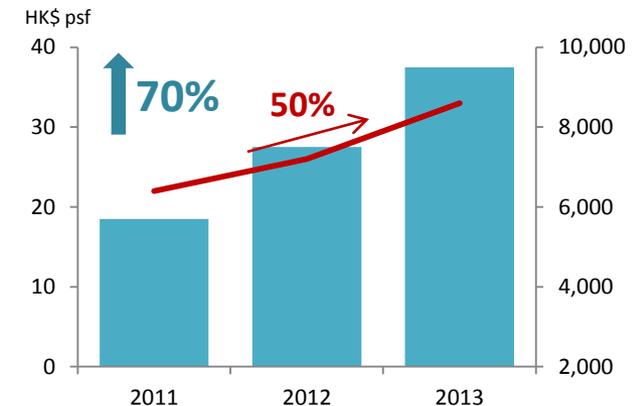
CBD2 location



CBD2 scale by 2020



CBD2 office sales and rental price on the rise



Source: Centaline Commercial

Central Core Assets – \$10B valuation with solid rental growth

1. \$10B valuation IP in core Central
2. Office rental +11% p.a. in past 2 years, outperforming market
3. Zara replaced H&M as Crawford House's anchor tenant



Wheelock House



+18%
office rental
income growth

99%
office
occupancy

GFA: 199,400 sq.ft.
Office rent: \$70 psf
Valuation: \$4.3B

Crawford House



+11%
office rental
income growth

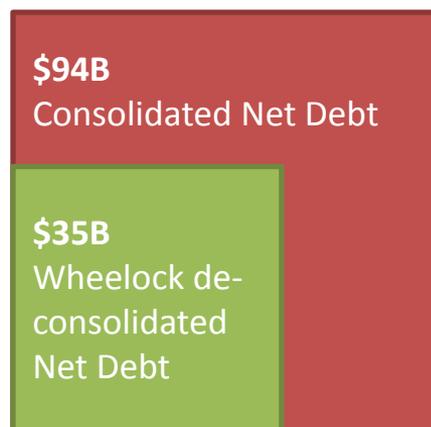
+17%
retail rental
income growth

GFA: 188,800 sq.ft.
Office rental: \$55 psf
Valuation: \$5.7B

Prudent financial management as anchor

1. 21% gearing, net of non-recourse debt from listed subsidiaries
2. 19% or \$7.1B gross debt mature in 2014/15, close to 50% prepaid
3. \$5.6B sales receivable to be recouped in 2014/15
4. \$3.0B steady dividends from Wharf & Wheelock Singapore

Wheelock de-consolidated vs. consolidated net debt



	Wheelock de-consolidated	Consolidated
Total Equity	\$167B	\$312B
Net Debt	\$35B	\$94B
Gearing	21%	30%

Wheelock de-consolidated gross debt maturity profile



\$7.1B or **19%**
gross debt due in 2 years

Sustainability – we treasure our environment

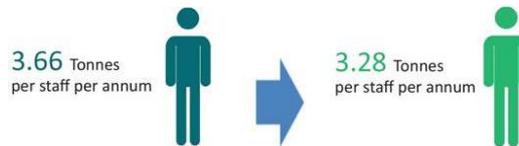
1. Woo Wheelock Green Fund actively supports environment research
2. All projects endeavors to environmental-friendly design
3. Strives for low carbon footprint in office
4. Proactively supports environmental activities

14 research projects

Funded by Woo Wheelock Green Fund (“WWGF”)



Strives for low carbon footprint in office



Targeted average total carbon emissions per staff In 2017

Environmental-friendly projects

BEAM Plus Gold & LEED Gold



Proactive support and participation

Camellia Member



Carbon Smart Programme



I'm FINISHED with FINs



Earth Hour



Project WeCan

1. Wheelock supports Fung Kai No.1 Secondary School
2. WPL supports Ng Yuk Secondary School
3. Staff volunteers actively involved in school activities



Expose to real business world



2012 results experience in Mar



Visit to Lane Crawford warehouse in Nov



Site visit to Kadoorie Hill & Austin show flats in Nov

Strengthen teaching capability



Teachers' development day in Oct

Explore students' potential



Cross school race in Sep



Fung Kai School sports day in Oct



Outward bound in Dec



NYSS School sports day in Oct

Enhance career development



Job tasting programme



Career workshop in Nov

WPL won 'Social Responsibility Award of the Year 2014'

1. Awarded by RICS in recognition of WPL's CSR achievements
2. Focus on community care and art & culture
3. 60% of WPL's staff & 700 hours participation



Community care



Swim for a Million



Hong Chi Association



Bridge to China



HKU Health Exhibition

Art & culture



Hong Kong Art Prize 2013 in May



Nature on The Peak –
Edward Stokes Photo Exhibition in Dec



Section 4

Wheelock Properties (Singapore) Limited

WPSL – challenges arising from stringent government policies

1. Profit contribution of HK\$227M

- Smaller contribution as Scotts Square is close to 80% sold
- Compared to revenue recognized from sales of Orchard View & Scotts Square in 2012
- Provision for diminution in value of The Panorama
- Profit from sale of SC Global shares

2. Steady performance from 2 IPs

- Wheelock Place achieved overall 96% occupancy and avg. rent of above S\$13 psf
- Scotts Square Retail achieved 95% occupancy and avg. rent of above S\$23 psf

3. Prudent approach for DP projects

- The Panorama: prudent approach due to new cooling measures after acquisition
- Ardmore Three: full sales launch is being reviewed
- Scotts Square: 79% sold at S\$4,004 psf as at year end
- Hangzhou Fuyang: Phase 1 pre-sales scheduled in 2H 2014

Section 5

The Wharf (Holdings) Limited

Wharf – IP portfolio ranks among Top 5 in the World

- 1. \$261.0B IP book value at year end, among the most valuable in the world that are publicly held**
- 2. IP earnings represented 58% of core profit**
- 3. Harbour City & Times Square continue to deliver solid performance**
- 4. Chengdu IFS's total 210,000 s.m. retail mall 95% pre-leased**
 - Chengdu IFS opened on 14 Jan 2014
 - Expected to be almost in full swing by mid-2014
- 5. Strong consistent dividend stream to Wheelock**
 - \$13B dividends to Wheelock in past 10 years
 - \$3.0B in 2013

End of Presentation

Wheelock and Company Limited [HKEx Stock Code: 0020.HK]

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