WHARF
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Pandemic Woes Coupled Financial Cost Escalation

Wharf Real Estate Investment Company Limited
2022 Final Results | 7 Mar 2023

Results Highlights

- Borrowing Cost ↑$500M; Annual Rate Hiked from 1.5% in 1H to 3.5% in 2H
- IP Portfolio Value -6% (Close to $15B)
- Retail Rentals at Recent Low
- Office Leasing Top Line Declined

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Investment Properties

Tsim Sha Tsui	Causeway Bay	Kowloon East
Harbour City	Times Square	Plaza Hollywood

Hotels

Central	Tsim Sha Tsui
The Murray, Hong Kong	Marco Polo Hotels

Observing Post-pandemic Trends

- 2022: Largely Local Mkt amid Muted Tourism
- 2023: Year of Readjustment in Initial Reopening Phase
- Changes in Consumption & Travel Patterns to be Observed
- Global Economic Uncertainties Cast Additional Shadow

Source: Census and Statistics Department, Hong Kong Tourism Board

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Investment Properties

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Hotels

Central	Tsim Sha Tsui
The Murray, Hong Kong	Marco Polo Hotels

Readjusting Marketing Strategies

- Local-centric Experiences Well-received by Shoppers
- Specific Promotions to Attract Tourists Return
- Intelligent Investment Balances Sales, Cost & Margin

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Investment Properties

Tsim Sha Tsui
- Harbour City

Causeway Bay
- Times Square

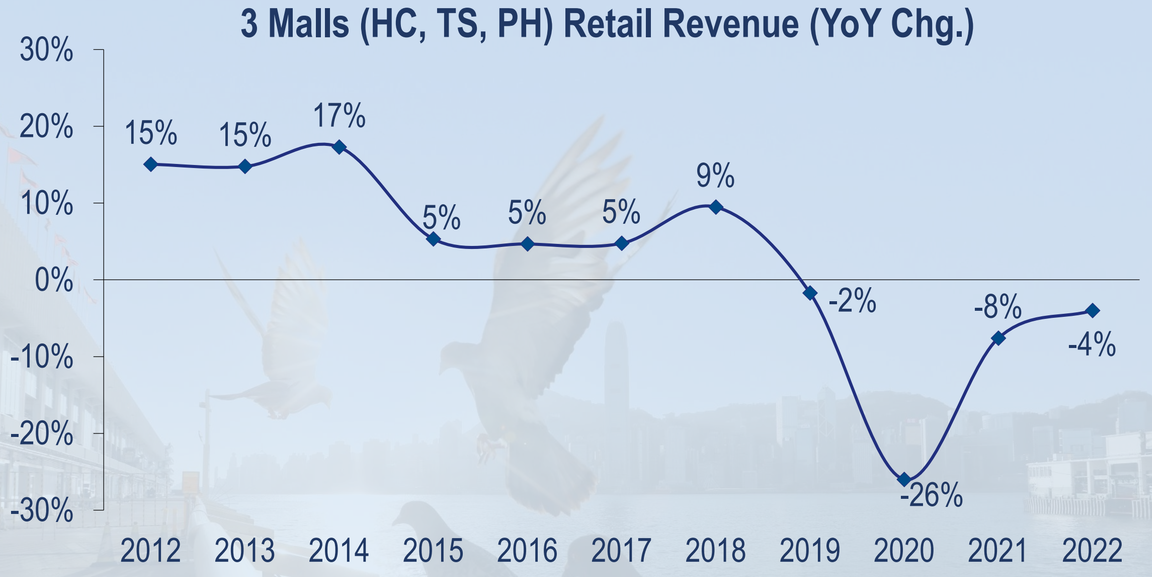
Kowloon East
- Plaza Hollywood

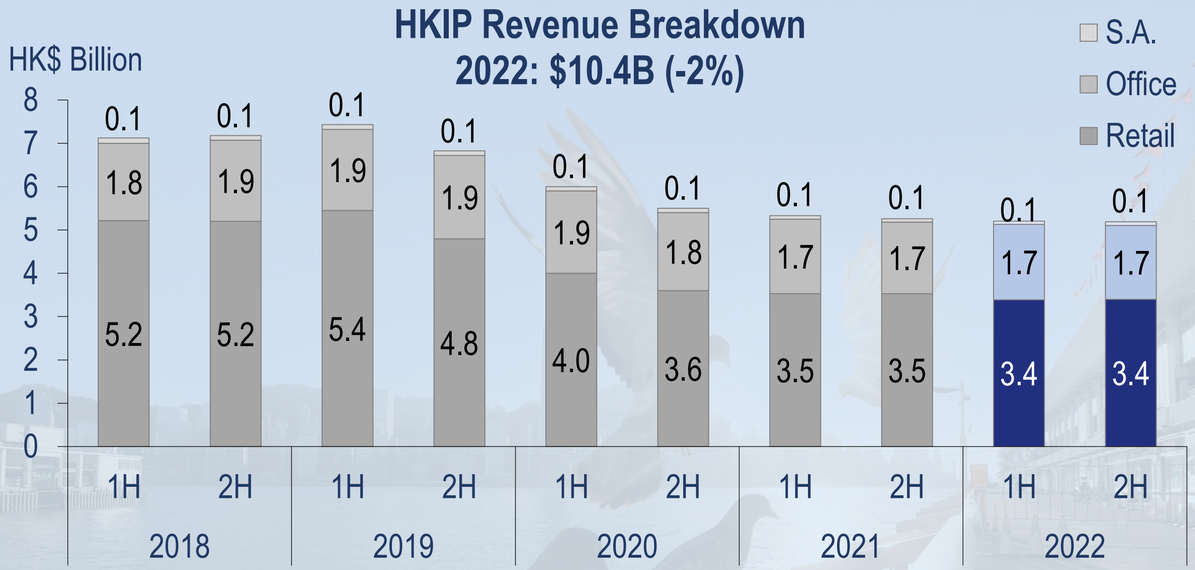
Hotels

Central
- The Murray, Hong Kong

Tsim Sha Tsui
- Marco Polo Hotels

Rent Recovery to Lag





- Retail Spot Rent Leveling off with Gentle Occupancy Rise
- Turnover Rents to Rise Following Sales Recovery
- Office Dragged by Over-supply & Slow Economy
- OPM Improved with Strategic Cost Management

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Investment Properties

Tsim Sha Tsui	Causeway Bay	Kowloon East	
Harbour City	Times Square	Plaza Hollywood	

Hotels

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The Murray, Hong Kong	Marco Polo Hotels

Financial Highlights

- Group UNP -5%; HKIP & Hotel UNP Flat
- Soft Capital Values Led to 6% Decline in IP Portfolio Value; Cap Rate Stable
- Borrowing Cost ↑$500M; Annual Rate 1H 1.5% vs 2H 3.5%
- DPS $1.31 (65% of HKIP & Hotels UNP)

HK$M	2022	2021	% Chg.
Group Revenue	12,459	16,043	-22%
- HKIP	10,353	10,591	-2%
Operating Profit	8,841	9,064	-2%
- HKIP	8,482	8,233	+3%
Underlying Net Profit (UNP)*	6,175	6,518	-5%
- HKIP	6,238	6,381	-2%
Net IP Fair Value Change	(14,875)	(2,200)	NA
(Loss)/Profit After IP Fair Value Change	(8,856)	4,391	NA
(Loss)/Earnings Per Share (HK$)			
- Attributable to Shareholders	(2.92)	1.45	NA
- Underlying*	2.03	2.15	-6%
Dividend Per Share (HK$)	1.31	1.31	Flat

*Excl. IP Revaluation Deficit and Exceptional Items

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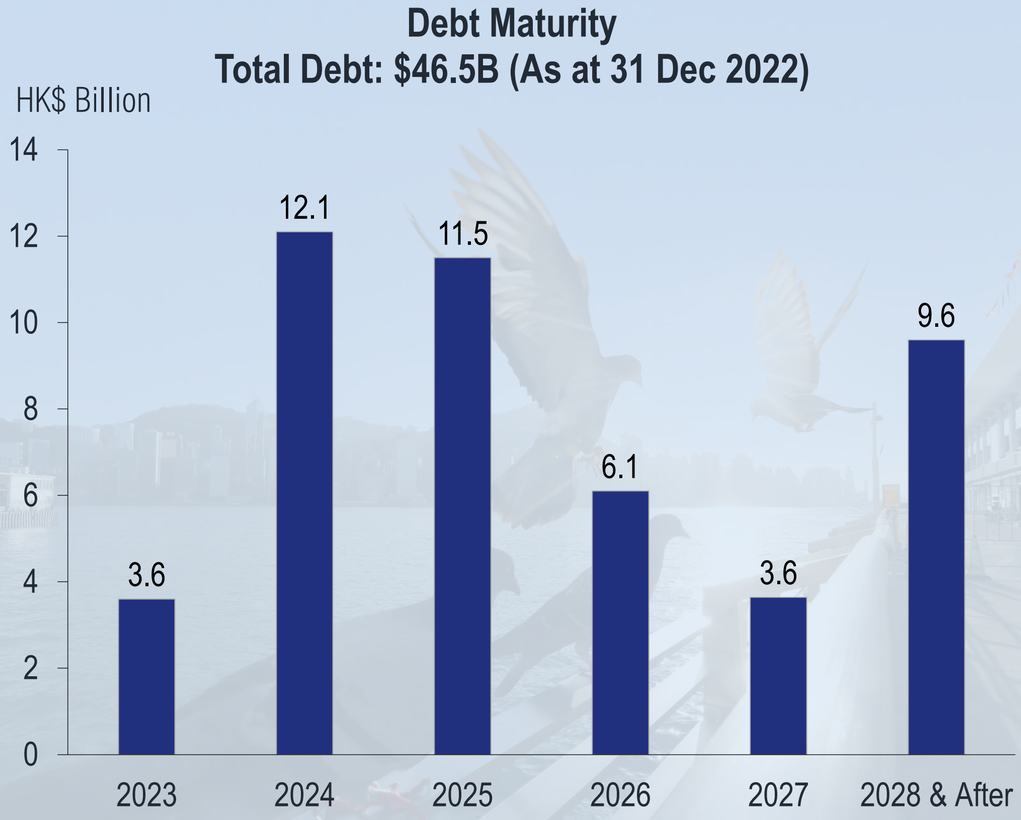
Tsim Sha Tsui
Marco Polo Hotels

Prudent Financial Management

- Total Asset $255.3B; Net Debt $45.2B
- Gearing 23.2%
- Interest Cost 2.5%; All Floating-rate Debt
- Interest Cover 7.4x
- Premium Credit Rating
  - Moody's A2 Issuer Rating (Stable Outlook)



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Harbour City

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Tsim Sha Tsui

Harbour City

Causeway Bay

Times Square

Kowloon East

Plaza Hollywood

Hotels

Central

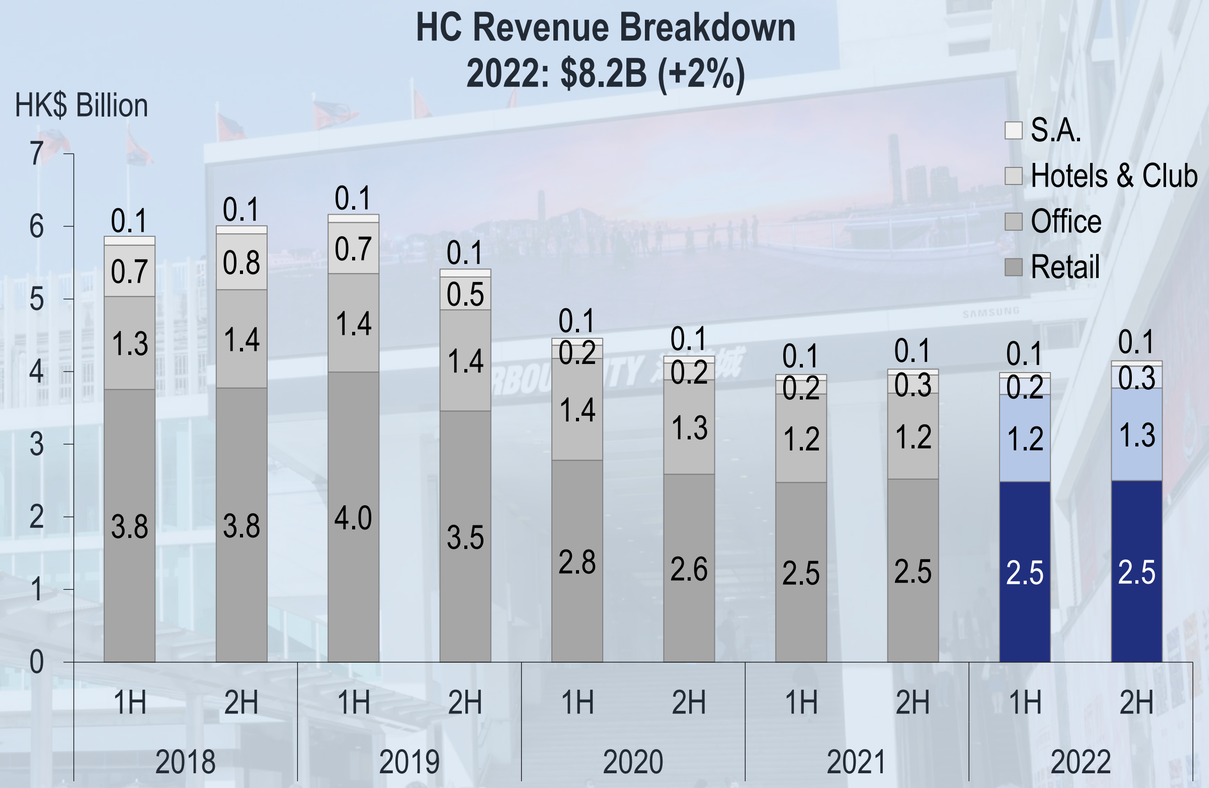
The Murray, Hong Kong

Tsim Sha Tsui

Marco Polo Hotels

Times of Change

- Effective Mall Strategies Boosted Local Footfall
- Retail & Hotels Key Beneficiary to Reopening
- Safeguarding Office Occupancy amid Cautious Sentiment
- Yr-end Occupancy: Retail 94%, Office 88%



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Causeway Bay

Times Square

Kowloon East

Plaza Hollywood

Hotels

Central

The Murray, Hong Kong

Tsim Sha Tsui

Marco Polo Hotels

All in One: Retailtainment & Sightseeing

- Largest Mall in HK w/ 500+ Diverse Tenants
- Unique Critical Mass Fortified by Value-accretive Zoning
- Instagrammable Landmark – Best Sunset & Night Views of HK

Rental Income Category Breakdown
2022: $4.5B

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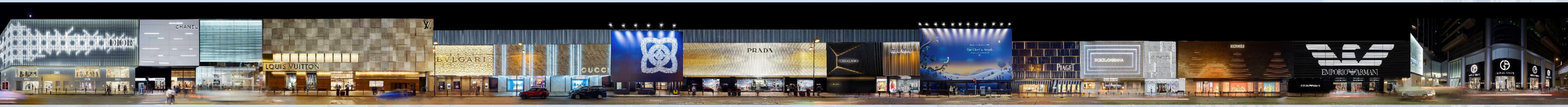
Building a “Better” Tomorrow

Contiguous 530-metre High Fashion Frontage Along Canton Road



Dior	Chanel	LV	Bvlgari	Gucci	De Beers	PRADA	FERRAGAMO	Miu Miu	Van Cleef & Arpels	Piaget	Dolce & Gabbana	MONCLER	Hermès	Emporio Armani	Giorgio Armani

CANTON ROAD

- Fittest-to-survive Brand Portfolio Built in 3 COVID Yrs
- Mkt Shakeout Opens Door for Strategic Re-tenanting
- Unique Retail Offerings to Retain Mkt Position

HARBOUR CITY 海港城

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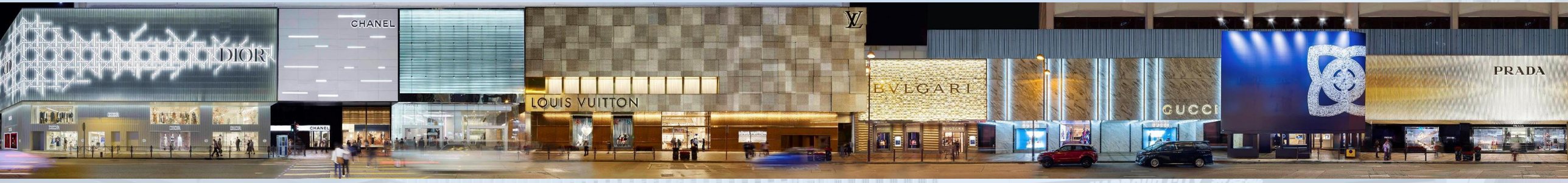
Contiguous 530-metre High Fashion Frontage



DIOR CHANEL LOUIS VUITTON BVLGARI GUCCI DE BEERS JEWELLERS PRADA

FERRAGAMO MIU MIU Van Cleef & Arpels PIAGET DOLCE & GABBANA MONCLER HERMÈS PARIS EMPORIO ARMANI GIORGIO ARMANI

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The Murray, Hong Kong

Tsim Sha Tsui
Marco Polo Hotels

100+ New Stores in 2022

Strategic Re-alignment with a New Generation of Brands

Selected Brands	New Retail Entrants	Expansions / Strategic Relocations
Fashion / Leather Goods	(Casa Loewe), LANVIN, PORTSPURE, (w/ Bape Café), Laurèl, self-portrait	FENDI, GUCCI, ISSEY MIYAKE, alexanderwang
Jewellery & Accs.	PATEK PHILIPPE GENEVE, BREITLING 1884, 周生生 Chow Sang Sang, Les Néréides PARIS, THE NEW BLACK eyewear	ROLEX, TUDOR, GUCCI timepieces & jewelry, 溥儀, BUCCELLATI
Others	TEA WG 1837, Bath & Body Works, miki HOUSE, WULT, petit bazaar, Black Diamond, SOUND UNITED	KENZO, FUSION, ACQUA DI PARMA, Onitsuka Tiger, TEA CHÂTEAU
New F&Bs	CHECK IN TAIPEI, LIFETASTIC, 王子飯店 PRINCE RESTAURANT, 藝 ART OF CANTON 粵藝館, Between, "CaN LaH" crazy rich asian flavours, 八一漁八 THE SEAFOOD, 莆田 PUTIEN, TEA MOMENT 活在茶下	

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Times Square

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Plaza Hollywood

Hotels

Central

The Murray, Hong Kong

Tsim Sha Tsui

Marco Polo Hotels

Times Square

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Hotels

Central

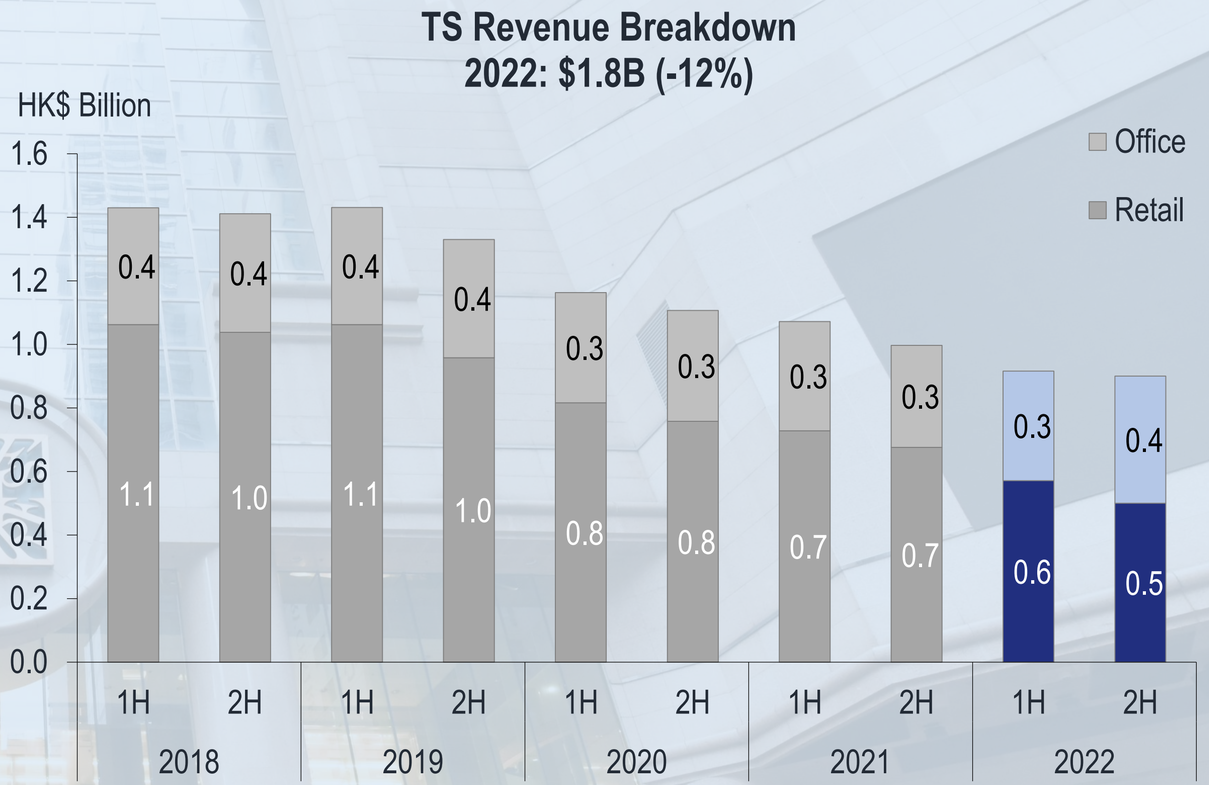
The Murray, Hong Kong

Tsim Sha Tsui

Marco Polo Hotels

Challenges to Last

- Enriching Gen-Z Targeted Brand Mix & Refining Lux
- Fierce Competition with High Vacancy Nearby
- Office Mkt Soft with Cautious & Cost-conscious Tenants
- Yr-end Occupancy: Retail 94%, Office 90%



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CBD2 Sustained Local Demand

- At the Heart of Kowloon East Public Transport Hub
- Regional Mall Supported by Strong Local Footfall
  - Neighbouring Population: 670,000+*
- Yr-end Retail Occupancy 97%; Retail Revenue -4%

*2021 Population of Kowloon City, Wong Tai Sin & Kwun Tong
Source: Census and Statistic Department

On MTR Kwun Tong Line & Tuen Ma Line

Source: MTR Website

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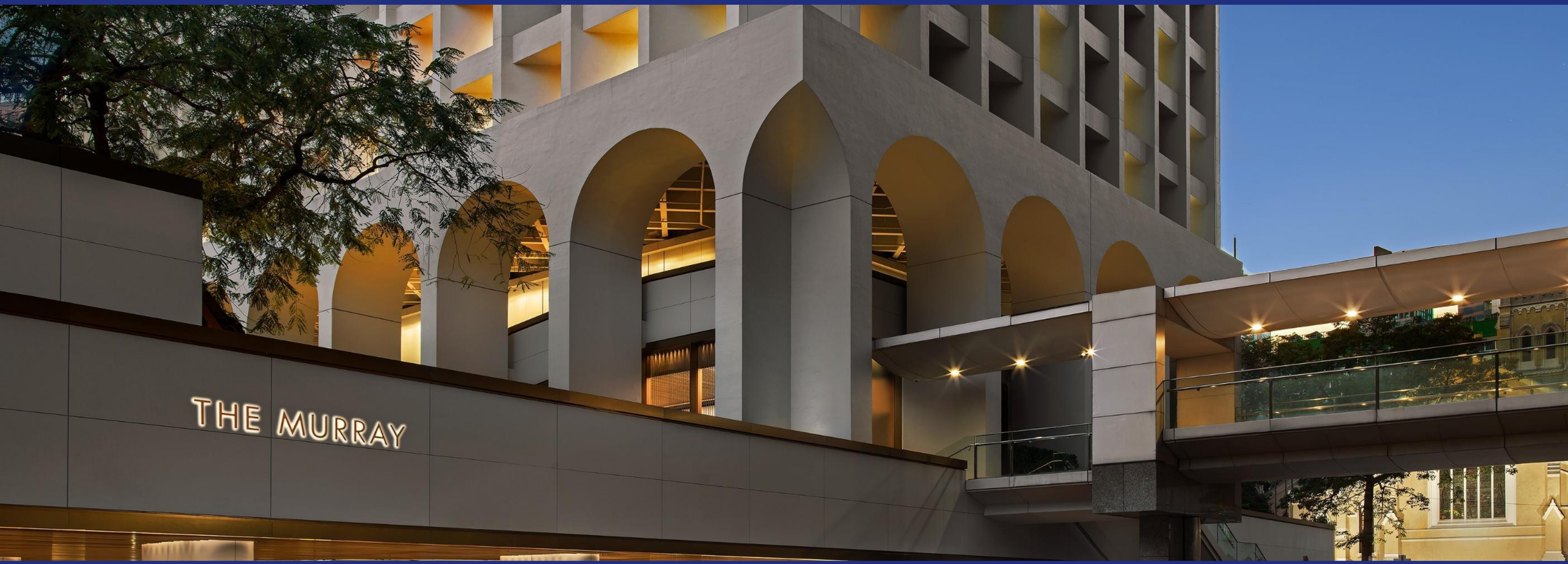
Hotels



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Tsim Sha Tsui
- Marco Polo Hotels

The Murray & Marco Polo Hotels

- GOP Improved
- Gearing up for Border Reopening; Manpower a Challenge
- The Murray: Events, Banquets & Corporate Businesses on the Rise
- Marco Polo Hotels on Canton Rd: Occupancies Improved but Rates Softened with Focus on Local Long-stay Mkt

The Murray, Hong Kong

Five-Star Award, Forbes Travel Guide 2022 & 2023

*"Best City Hotel – Hong Kong" 2nd Time Since 2019**

*Award Cancelled in 2020-21 due to COVID

Marco Polo Hotels on Canton Road

Marco Polo Hongkong Hotel – Best Luxury Sea View Hotel

Gateway Hotel – Best Luxury City Hotel

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Outlook

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Pandemic's Aftermath & More

- Retail & Hotel to Benefit from Reopening Sooner; Entering Readjustment Phase
- Office Mkt Still Soft; Over-supply may Take More Years to Digest
- Global Recession Risks Lingering with Quantitative Tightening & Geopolitical Tension
- Progressive Return to a Post-COVID Normal Promises a Better 2023 but Uncertainties Remain

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Sustainability

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Tsim Sha Tsui
- Marco Polo Hotels

2030 Long-term Targets & 2022 Highlights

2030 Targets

Overall GHG Emissions
To Reduce 30% by 2030
Using 2014 as Baseline

Electricity Intensity
To Reduce 27% at HKIP by 2030
Using 2014 as Baseline

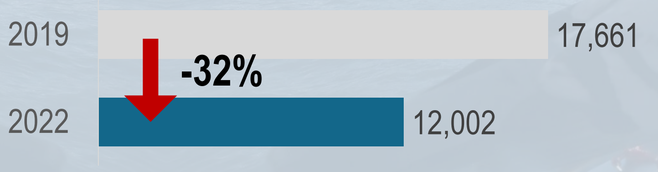
Water Consumption
To Reduce 18% at HK operations by 2030
Using 2014 as Baseline

Waste Diversion
To Divert Waste Away from Landfills

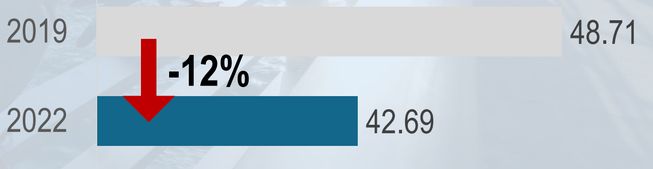
2022 Highlights

Decreasing Trend* in Total GHG Emissions & Overall Water Consumption

Amount of Waste to Landfills (tonnes)



NOx Emissions from Star Ferry (tonnes)



*Exact Figures under Auditor's Review

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ESG Performances & Recognitions

Ratings & Awards

- Hang Seng Corporate Sustainability Index (AA+ Rating)
- Hang Seng ESG 50 Index
- MSCI ESG Rating (A Rating)
- CSR Index Plus Mark
- Caring Company Logo

Social Capital Builder Awards 2022-24 社會資本動力獎

Social Capital & Sustainability Grand Awards

ESG Certifications

EARTHCHECK

Gold Certification:

MARCO POLO HONGKONG HOTEL HONG KONG

Silver Certification:

THE MURRAY HONG KONG A NICCOLO HOTEL

ESG Reporting Standard/ Recommendations

GRI

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 far

$3.6B

Sustainability-linked Loan

KPIs Related to HSI ESG Rating & Key Environmental Performance

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Environmental: Asset Enhancements & Renewable Energy

Solar Photovoltaic Panels

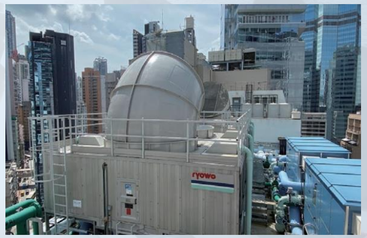
- **320 Solar Photovoltaic Panels** Installed at HC, 18 at PH & >100 will be Installed in TS to support RE development & FiT* Scheme

Solar Thermal Heater System

- **100 Sets** Installed at Gateway Apt. since 2009
- Offset 27+ Tonnes of CO_2 Emissions *(Equivalent to planting ~1,200 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

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Social: Community Contributions

Donations

2nd Top Donor
by The Community Chest
for Two Consecutive Years
(2020/2021 & 2021/2022)

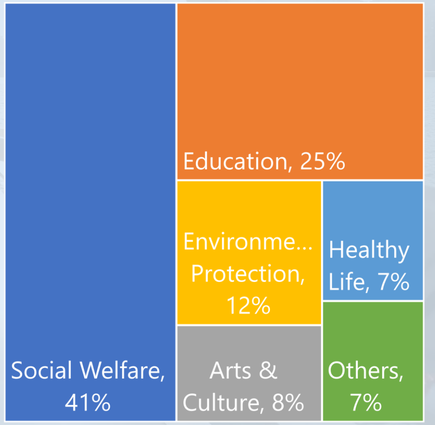
Wharf Emergency Relief Fund

- $7.5M Donations to The Community Chest Rainbow Fund during 5th Wave
- Additional $5M to Students in 82 Project WeCan Schools

What we supported

Sponsorship:
Venue & Advertising Space for

200+ Charitable Events



Note: In terms of no. of events

Supports Youth Development via:

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

Volunteer Activities

- Organized 28 Community Activities with Staff Volunteering

Community Care
Healthy & Happy Ageing:

- Bright Senior Ambassador Programme
- Christmas Connection with Community

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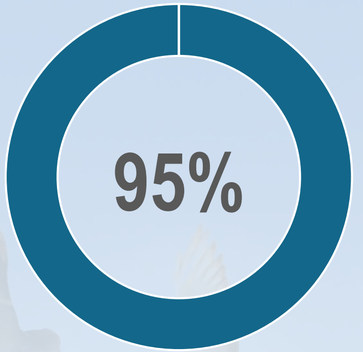
People: Governance, Talent Development & Workplace Safety

Composition of Board of Directors (12 Board Members as of 31 Dec 22)

Designation	Directors with Executive Functions (33%) / Independent Non-executive Directors (67%)
Age	50-60 (17%) / 61-70 (25%) / 71-80 (58%)
Gender	Male (83%) / Female (17%)
Ethnicity	Chinese (92%) / Non-Chinese (8%)

Meeting Attendance*



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

Talent Development

Total No. of Training Hour Offered to Employees in 2022:

75,870 Hours

Anti-corruption Training

1,060 Hours in 2022

For Board Members, Directors & Employees

Workplace Safety

Work-related Fatality: **0** Case For 3 Consecutive Yrs

Injury Incident Rate: **2.5** per 100 employees

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

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Appendix

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Tsim Sha Tsui

Harbour City

Causeway Bay

Times Square

Kowloon East

Plaza Hollywood

Hotels

Central

The Murray, Hong Kong

Tsim Sha Tsui

Marco Polo Hotels

HC/TS/PH Performance

	Harbour City		Times Square		Plaza Hollywood	
2022 (HK$M)	Revenue	% Chg	Revenue	% Chg	Revenue	% Chg
Retail	4,999	+0.1%	1,134	-19%	439	-4%
Office	2,462	+3%	689	+4%	-	-
Hotels & Club	564	+29%	-	-	-	-
Serviced Apt.	150	-6%	-	-	-	-
Total	8,175	+2%	1,823	-12%	439	-4%
Valuation* as of 31 Dec 2022	$162.1B		$47.7B		$8.7B	
2022 Avg. Retail Passing Rent (HK$ psf per Month)	$324		$153		$79	

* Incl. Hotels at Valuation as of 31 Dec 2022

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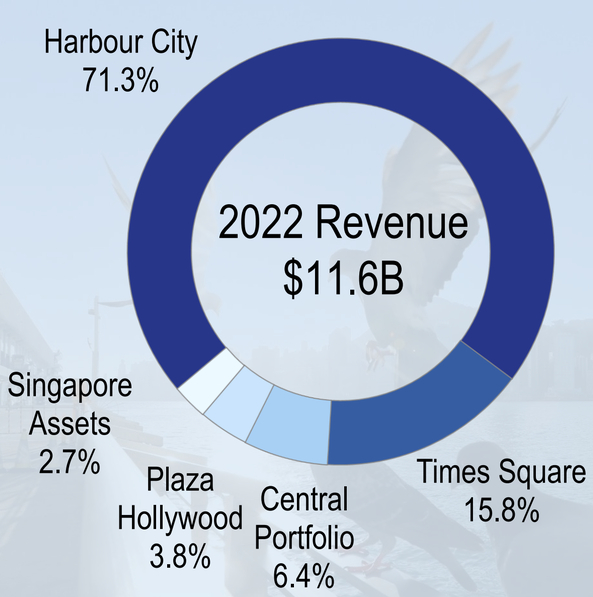
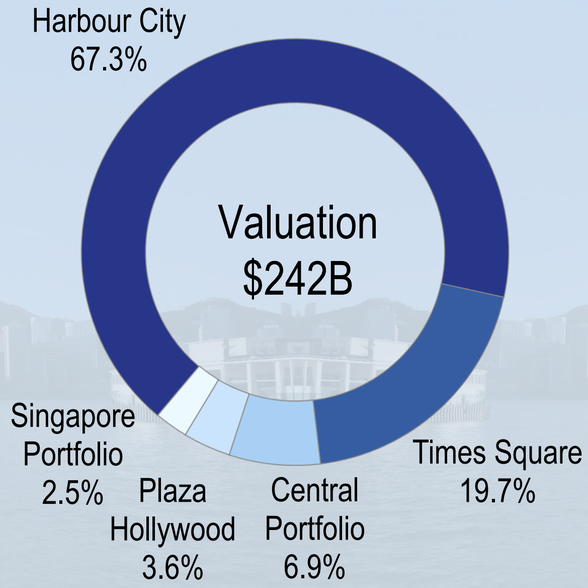
Premium Quality Portfolio

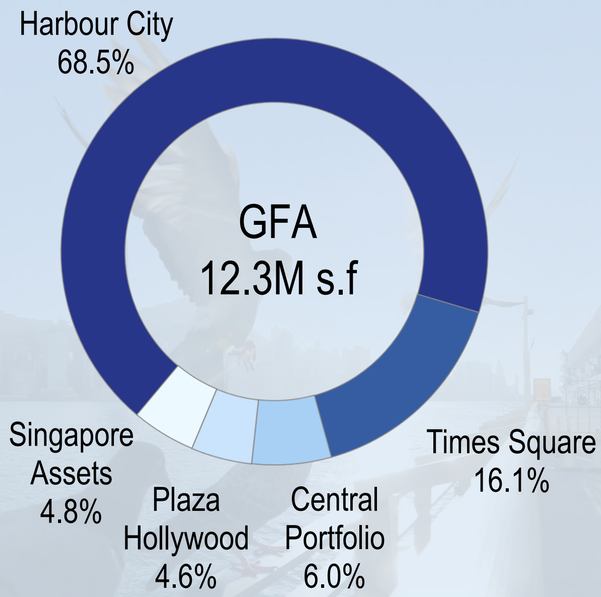
Revenue



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

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Overview of Application of Funds

Major Capital & Development Expenditure

HK$	2022 (Actual)	2023 (Projected)
HKIP	90M	372M
Singapore IP	8M	26M
Mainland Properties	133M	216M
Hotels & Others	201M	104M
Total	**432M**	**718M**

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Harbour City	Times Square	Plaza Hollywood

Hotels

Central	Tsim Sha Tsui
The Murray, Hong Kong	Marco Polo Hotels

Thank You

Pandemic Woes Coupled Financial Cost Escalation

WHARF
Established 1886

Investment Properties

Tsim Sha Tsui
- Harbour City

Causeway Bay
- Times Square

Kowloon East
- Plaza Hollywood

Hotels

Central
- The Murray, Hong Kong

Tsim Sha Tsui
- Marco Polo Hotels

End of Presentation

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

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