

# 2006 Results



**Hongkong Land**

# Agenda

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- Highlights
- Results
- Commercial Property
- Residential Property
- Outlook

# Highlights

- Capital values and rents continue to rise
- Adjusted net assets per share up 23%
- Highly successful residential sales in Singapore and Macau
- Full year dividend per share increased by 25% to US¢10

# 2006 Results Highlights (US\$)

	US\$	Change on 05
Underlying earnings	245m	31%
Underlying EPS	10.98¢	30%
Cash flow/share	2.24¢	-65%
Final dividend/share	7.00¢	17%
Total dividend/share	10.00¢	25%

# 2006 Results Highlights (US\$)

	Dec 06	June 06	Dec 05
NAV/share	4.01	3.60	3.24
Adj. NAV/share*	4.76	4.29	3.86
Net debt	2,312m	2,413m	1,855m
Gearing	25%	30%	26%
Adj. gearing*	21%	25%	22%

\*See explanatory note on slide 50

# Results



# Results

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- Profit and Loss
- Cash Flow
- Balance Sheet
- MCL Land
- Treasury Management

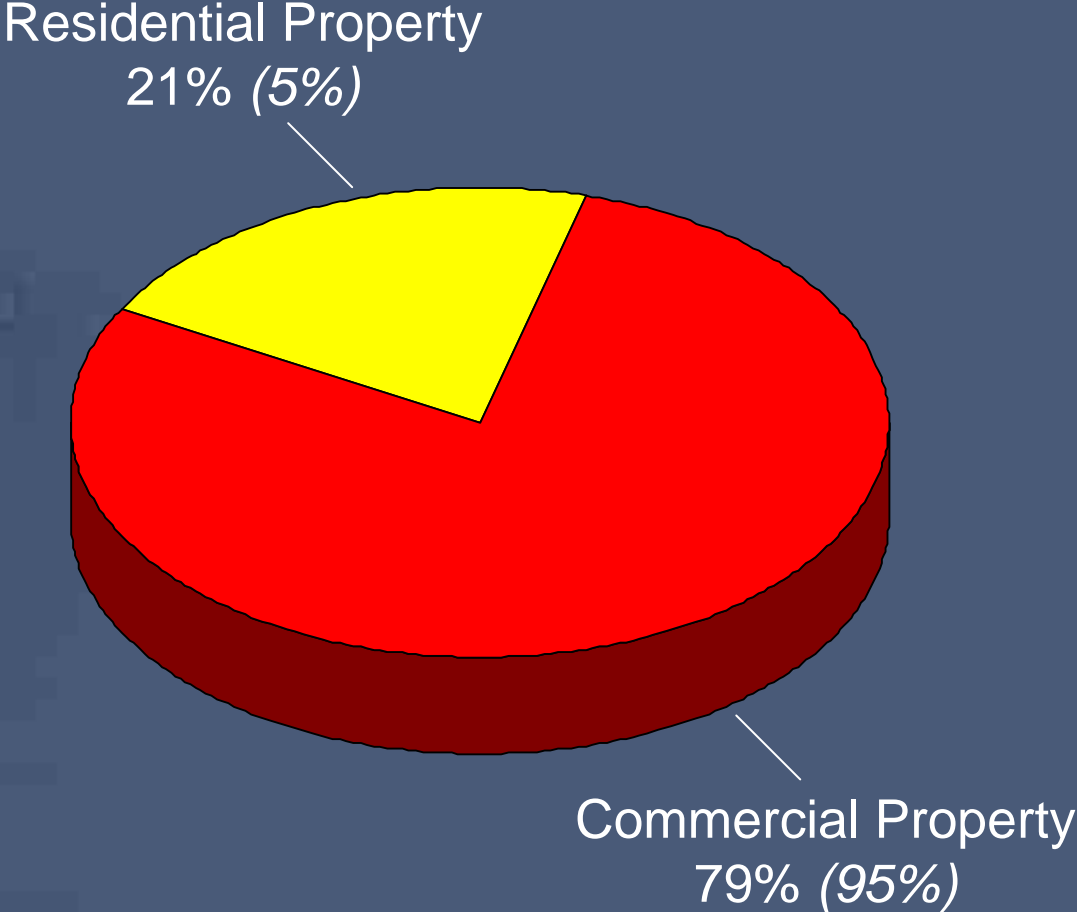
# Profit and Loss Account (US\$m)

2005		2006	Change
368	Revenue	556	188
(96)	Cost of sales	(198)	(102)
<u>272</u>	<b>Gross profit</b>	<u>358</u>	<u>86</u>
(28)	Other income & expenses	(11)	17
2,368	Valuation of investment properties	1,953	(415)
11	Asset impairment reversals & disposals	(6)	(17)
(39)	Net financing charges	(72)	(33)
10	Joint ventures	51	41
(533)	Tax	(366)	167
-	Minority interests	(6)	(6)
<u>2,061</u>	<b>Profit attributable to shareholders</b>	<u>1,901</u>	<u>(160)</u>
<u>188</u>	<b>Underlying profit</b>	<u>245</u>	<u>57</u>

# Reconciliation to Underlying Profit (US\$m)

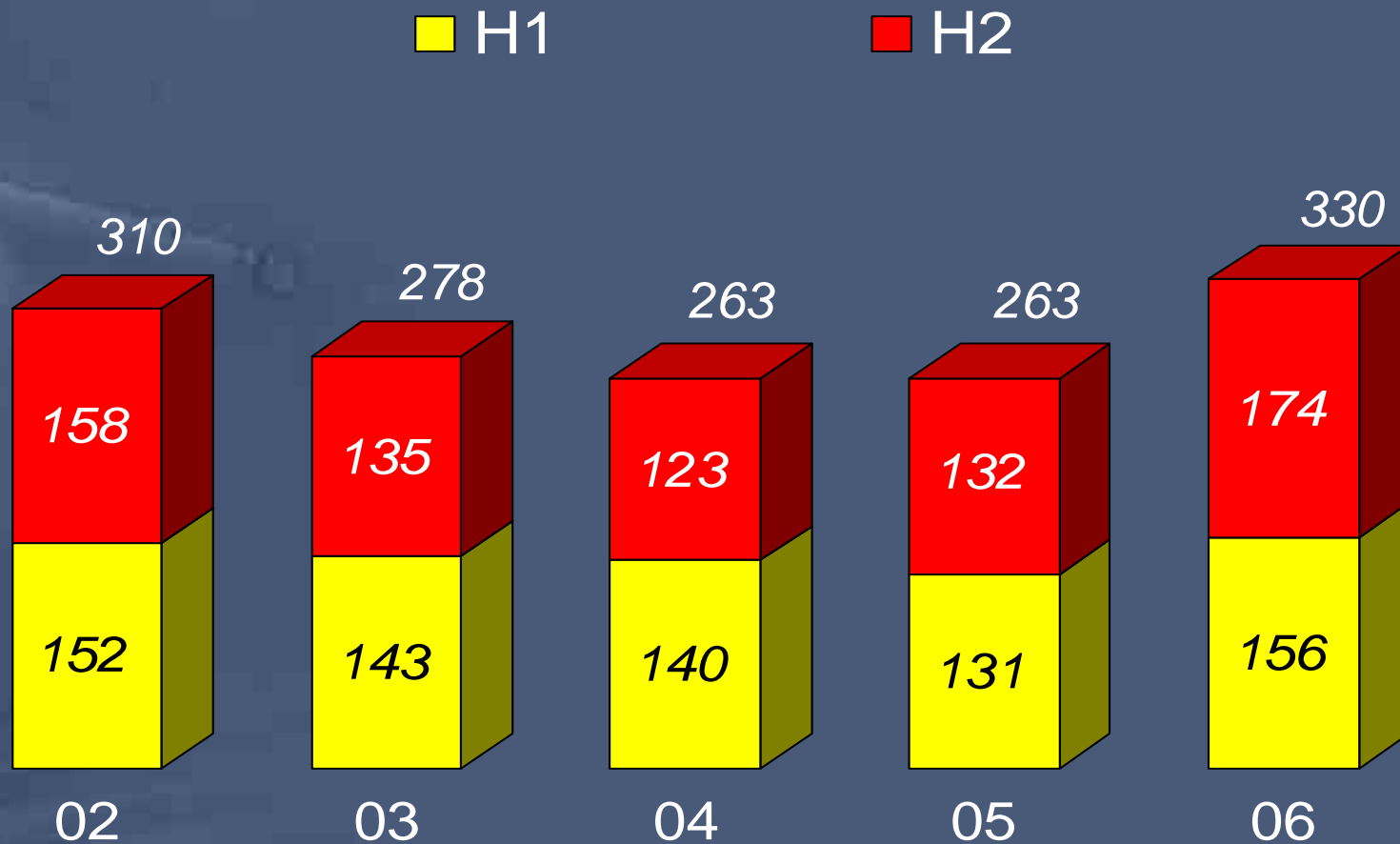
2005		2006
2,061	<b>Profit attributable to shareholders</b>	1,901
	Revaluation surpluses:	
(2,368)	- Group companies	(1,953)
(1)	- Joint ventures	(62)
	Deferred tax charge:	
508	- Group companies	340
-	- Joint ventures	12
(12)	Asset impairment reversals & disposals	5
-	Minority interests	2
<b>188</b>	<b>Underlying profit</b>	<b>245</b>

# Revenue by Business



2005 comparative figures in brackets

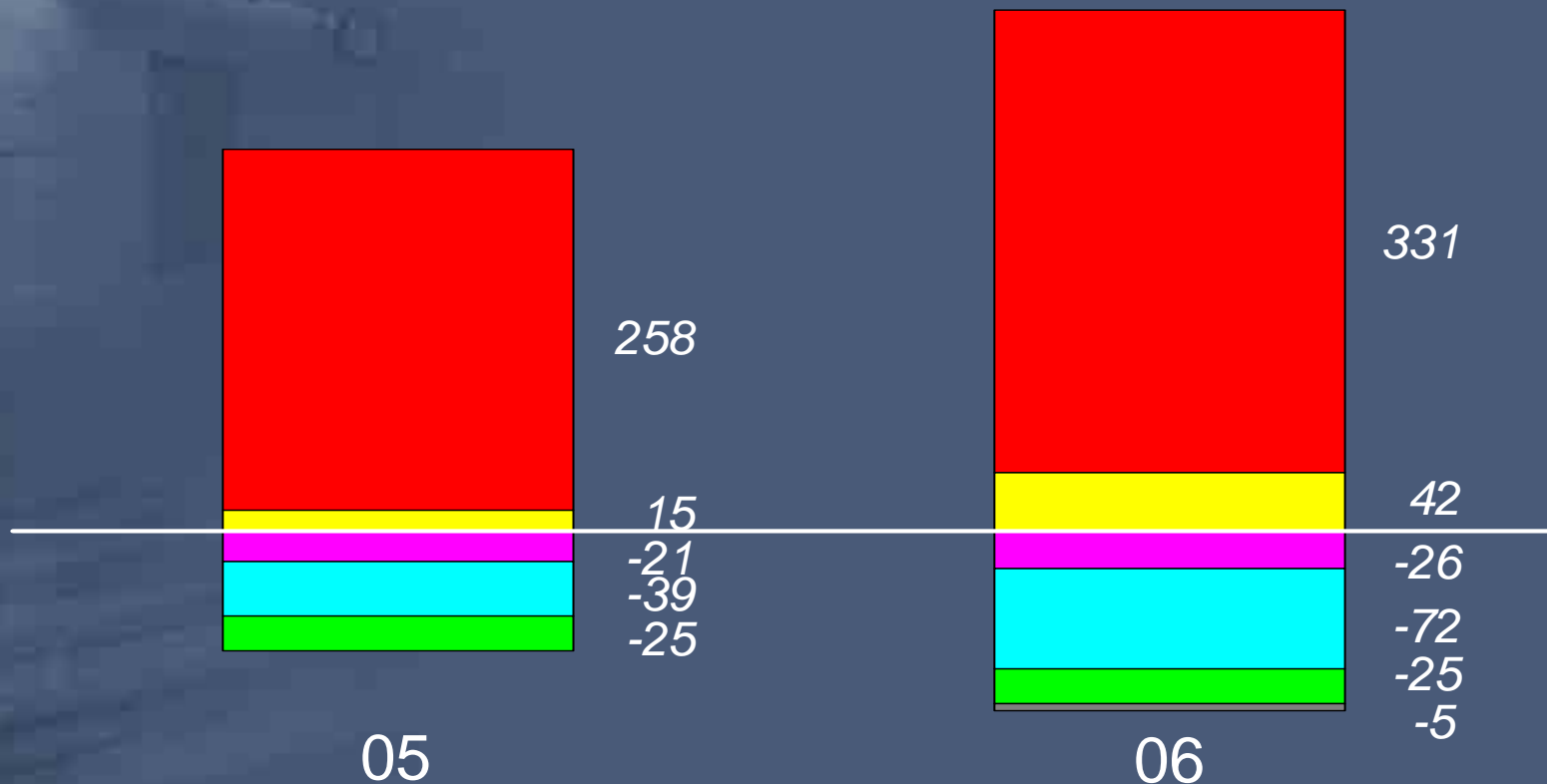
# Net Rental Income (US\$m)



# Contribution to Underlying Earnings (US\$m)

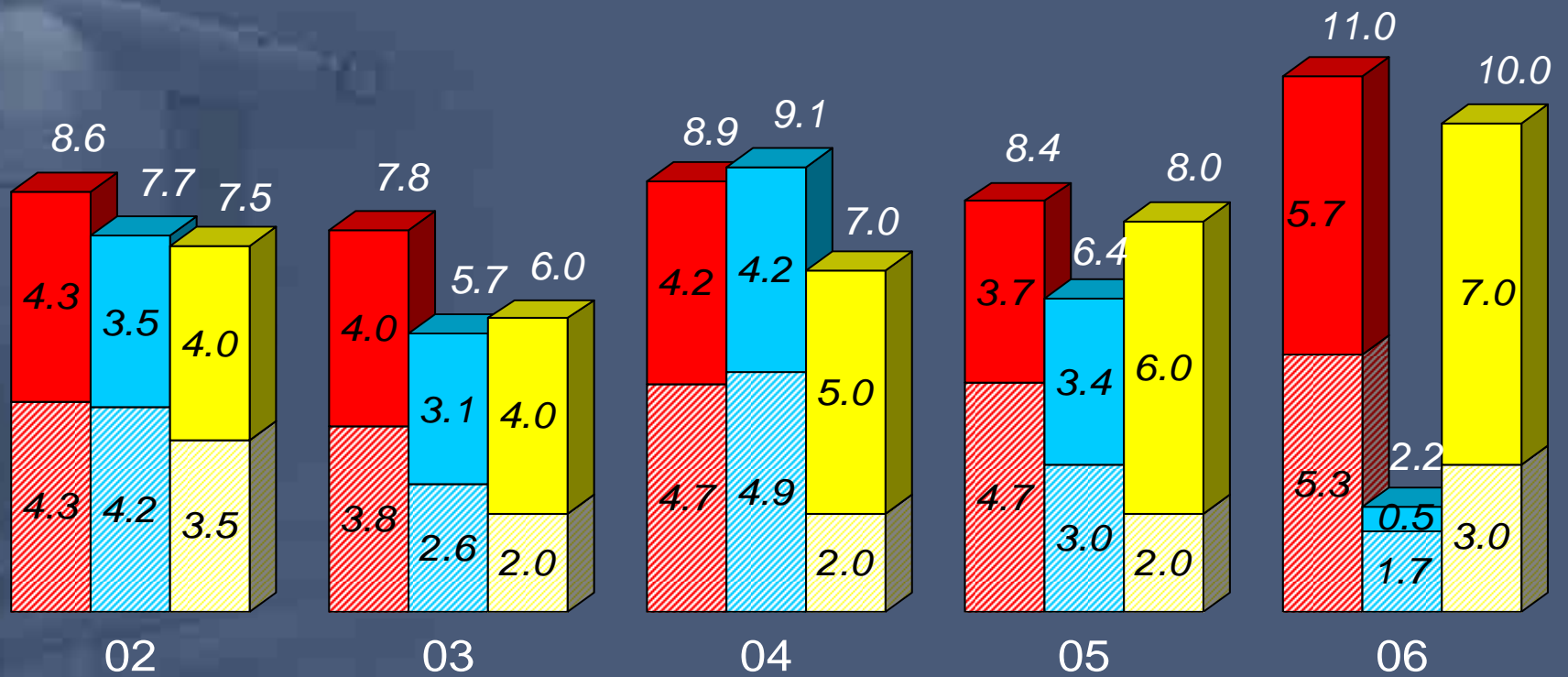
- Commercial Property
- Residential Property
- Corporate

- Net Financing Charges
- Tax
- Minority Interests



# Earnings, Cash Flow & Dividends (US¢/share)

■ Earnings   
 ■ Cash Flow   
 ■ Dividends



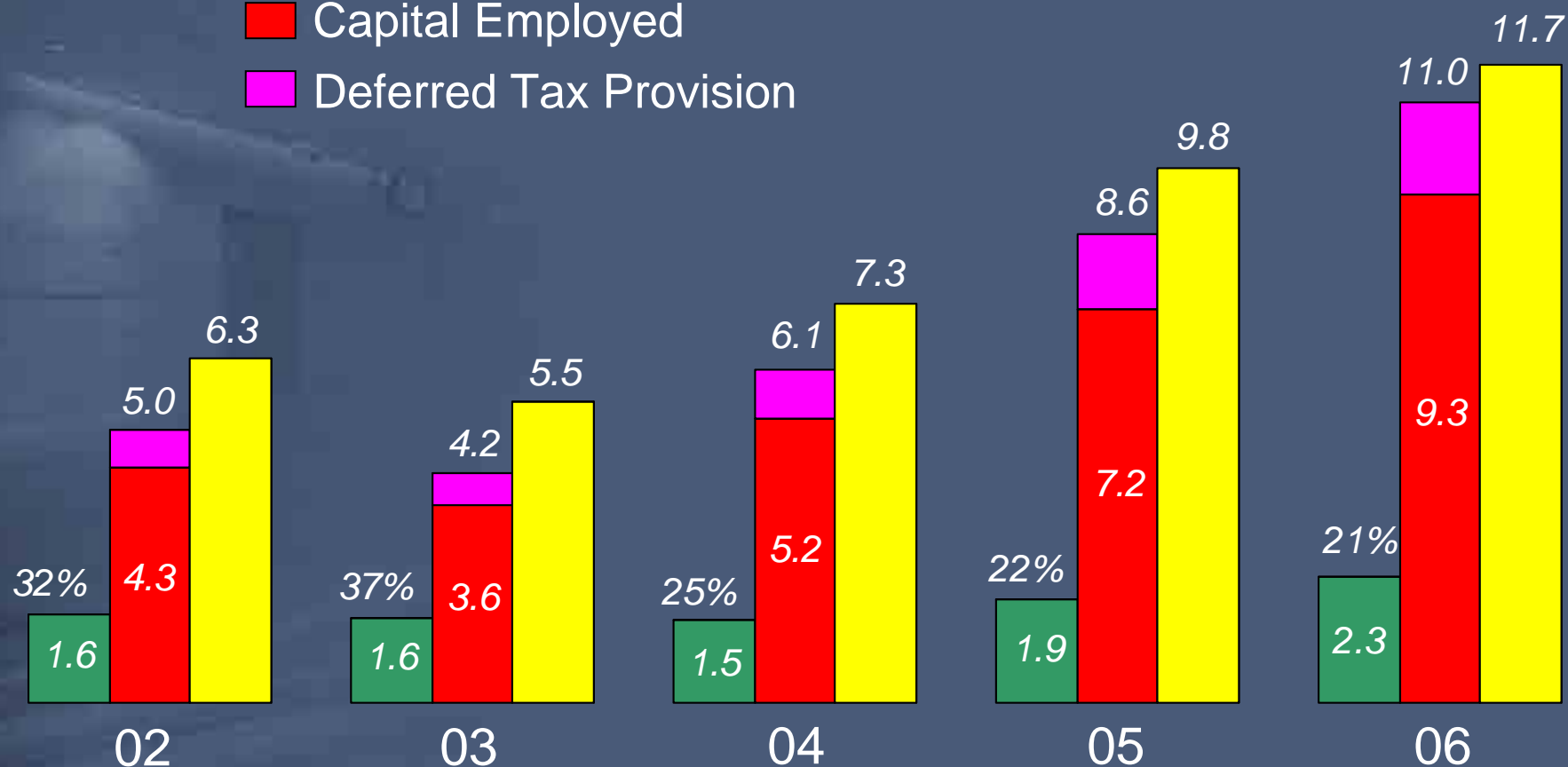
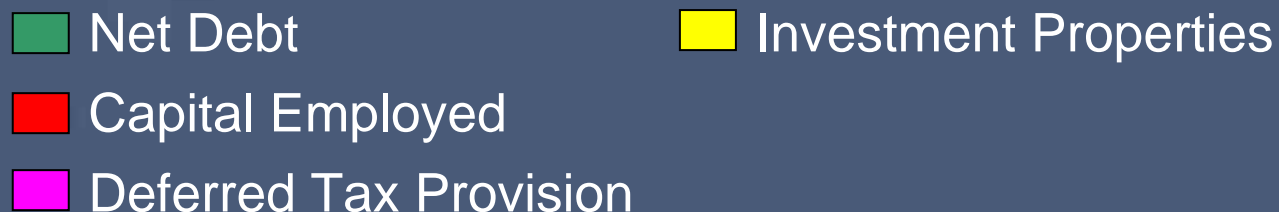
# Summarised Cash Flow (US\$m)

2005		2006	Change
156	Cash flows from operating activities	83	(73)
(14)	Major renovations expenditure	(33)	(19)
<b>142</b>	<b>Recurring cash flow</b>	<b>50</b>	<b>(92)</b>
(462)	Dev. capex & investments	(445)	17
10	Disposal of asset/other investments	20	10
<b>(310)</b>	<b>Free cash flow</b>	<b>(375)</b>	<b>(65)</b>
(156)	Dividends paid	(202)	(46)
808	Other financing activities	651	(157)
<b>342</b>	<b>Net cash flow</b>	<b>74</b>	<b>(268)</b>

# Summarised Balance Sheet (US\$m)

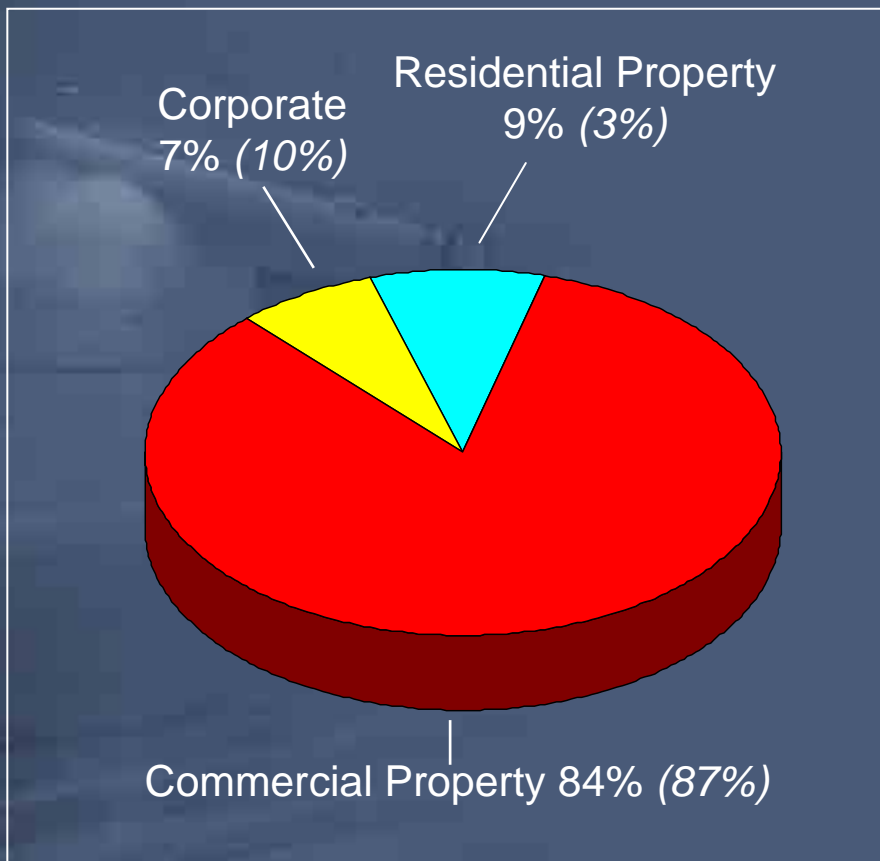
2005		2006	Change
9,779	Investment properties	11,651	1,872
12	Others	13	1
<b>9,791</b>	<b>Fixed assets</b>	<b>11,664</b>	<b>1,873</b>
688	Joint ventures & others	911	223
87	Properties for sale	800	713
1,093	Cash	1,167	74
(2,948)	Borrowings	(3,479)	(531)
(1,401)	Deferred tax liabilities	(1,740)	(339)
(93)	Other net assets/(liabilities)	(20)	73
<b>7,217</b>	<b>Net operating assets</b>	<b>9,303</b>	<b>2,086</b>
(2)	Minority interests	(106)	(104)
<b>7,215</b>	<b>Shareholders' funds</b>	<b>9,197</b>	<b>1,982</b>
<b>(1,855)</b>	<b>Net debt</b>	<b>(2,312)</b>	<b>(457)</b>

# Debt & Equity (US\$b)

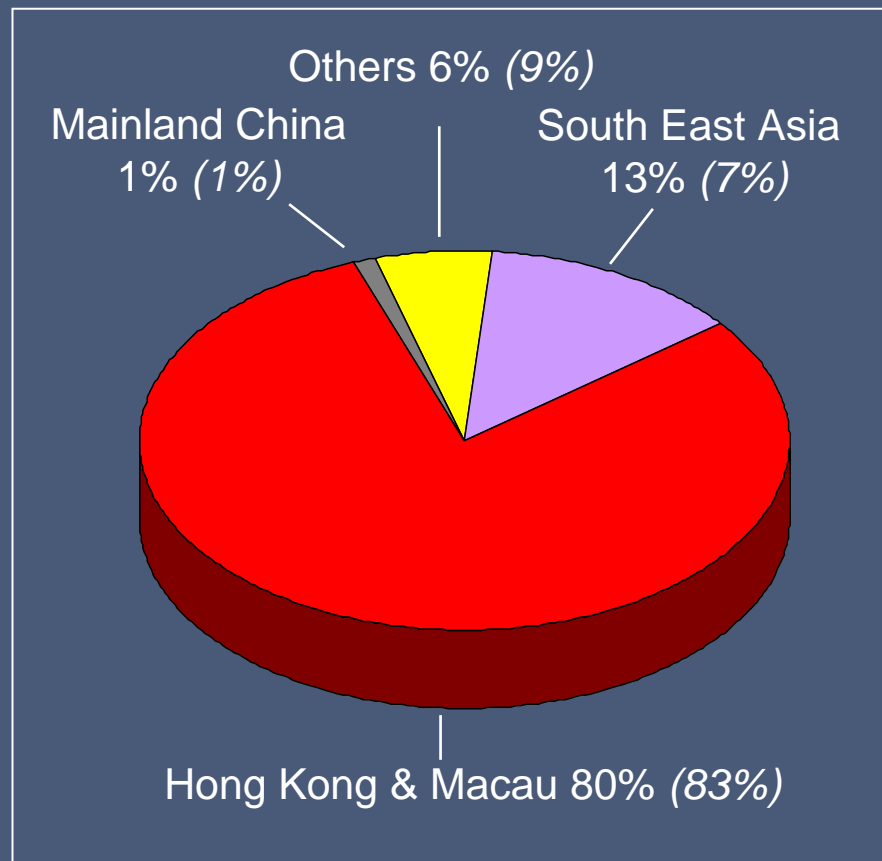


# Gross Assets 31 Dec 2006

## By Activity



## By Location



31 Dec 2005 comparative figures in brackets

# MCL Land 2006 Results Highlights (US\$)

	<b>2006</b>	<b>2005</b>	<b>Change</b>
Revenue	<b>111m</b>	30m	276%
Profit before tax	<b>33m</b>	32m	5%
Underlying profit	<b>31m</b>	28m	12%
Profit att. to shareholders	<b>31m</b>	29m	5%
Underlying EPS	<b>8.38¢</b>	7.49¢	12%
EPS	<b>8.25¢</b>	7.86¢	5%
Shareholders' funds	<b>449m</b>	396m	13%
NAV/share	<b>1.21</b>	1.07	13%

# Treasury Management

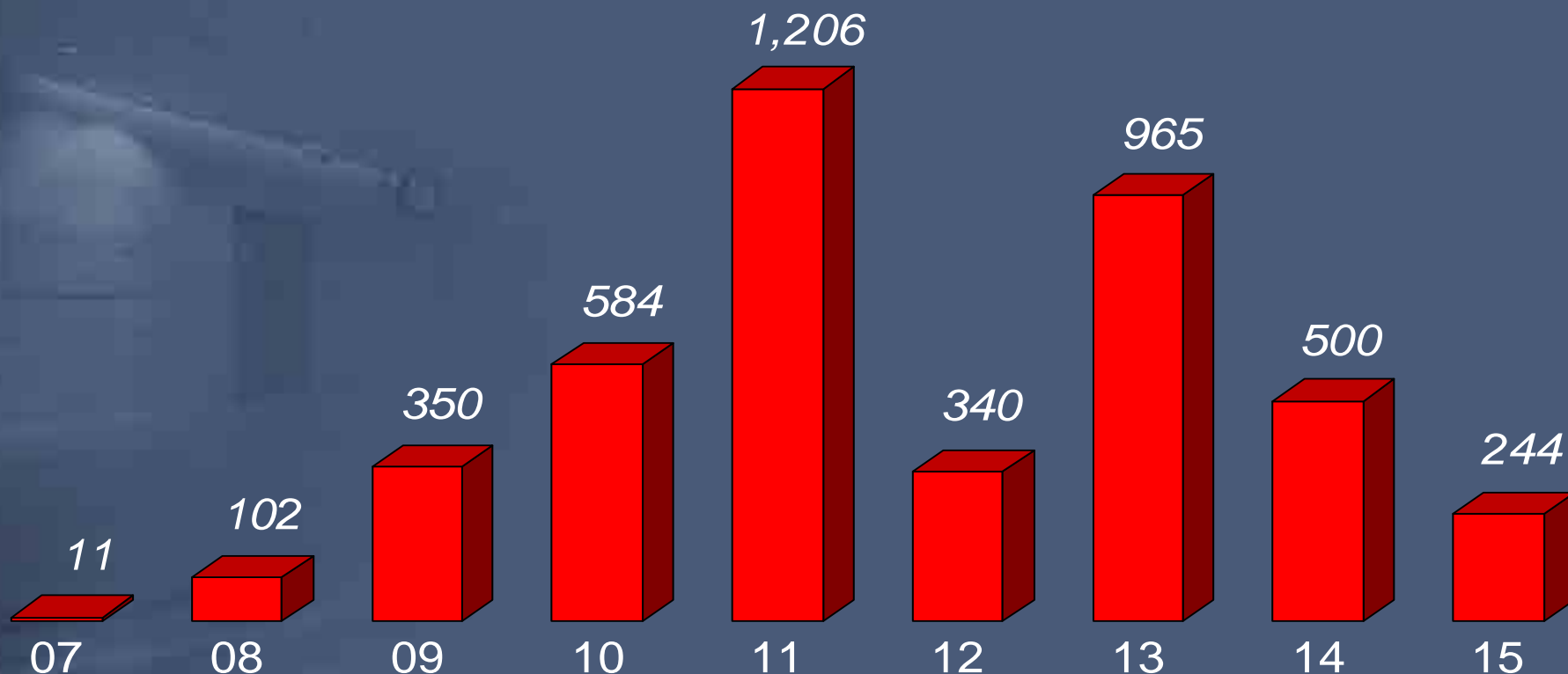
- HK\$7.5b 7-year syndicated loan facility
- S\$800m 5-year syndicated loan facility
- Share issue raised US\$268m
- Average facility life 5.3 years
- S & P credit rating BBB+
- Moody's credit rating Baa1

# Liquidity Management 31 Dec 2006 (US\$m or equivalent)

2005		HK\$	S\$	US\$	Total
3,586	Committed lines	2,533	1,427	342	4,302
2,867	Drawn amounts	2,048	984	342	3,374
<b>719</b>	<b>Available lines</b>	<b>485</b>	<b>443</b>	<b>0</b>	<b>928</b>
1,093	Cash	11	54	1,102	1,167
<b>1,812</b>	<b>Available liquidity</b>	<b>496</b>	<b>497</b>	<b>1,102</b>	<b>2,095</b>

Note: HK\$ loan includes US\$ debt swapped into HK\$

# Committed Facility Maturity Profile (US\$m)



# Interest Rate Hedging 31 Dec 2006 (US\$m or equivalent)

Currency		Cash	Debt	Net (Debt)/		% fixed	
				Cash	Cash	Debt	Debt
HK\$	Fixed	0	795	(795)	-	38	
	Floating	11	1,305	(1,294)			
S\$	Fixed	0	297	(297)	-	29	
	Floating	54	738	(684)			
US\$	Fixed	355	341	14	32	99	
	Floating	747	3	744			
<b>Total</b>	<b>Fixed</b>	<b>355</b>	<b>1,433</b>	<b>(1,078)</b>	<b>30</b>	<b>41</b>	
	<b>Floating</b>	<b>812</b>	<b>2,046</b>	<b>(1,234)</b>			



# Commercial Property

# Rental Portfolio ('000 sq.ft net)

	Office	Retail	Hotel	Total
Hong Kong	4,239	607	143	4,989
Singapore <small>includes 33% of ORQ</small>	680	73	-	753
Hanoi	106	11	-	117
Jakarta <small>50% of Jakarta Land</small>	372	39	-	411
Bangkok <small>49% of Gaysorn</small>	27	64	-	91
<b>Total</b>	<b>5,424</b>	<b>794</b>	<b>143</b>	<b>6,361</b>

Excludes 1063 King's Road

# Under Development ('000 sq.ft GFA)

	Office	Retail	Hotel	Total
Singapore 33% of MBFC	646	32	-	678
Macau 49% of One Central	-	195	159	354
Total	646	227	159	1,032

MBFC Phase II acquired in Feb 2007

# 2006 Hong Kong Central Grade “A” Market

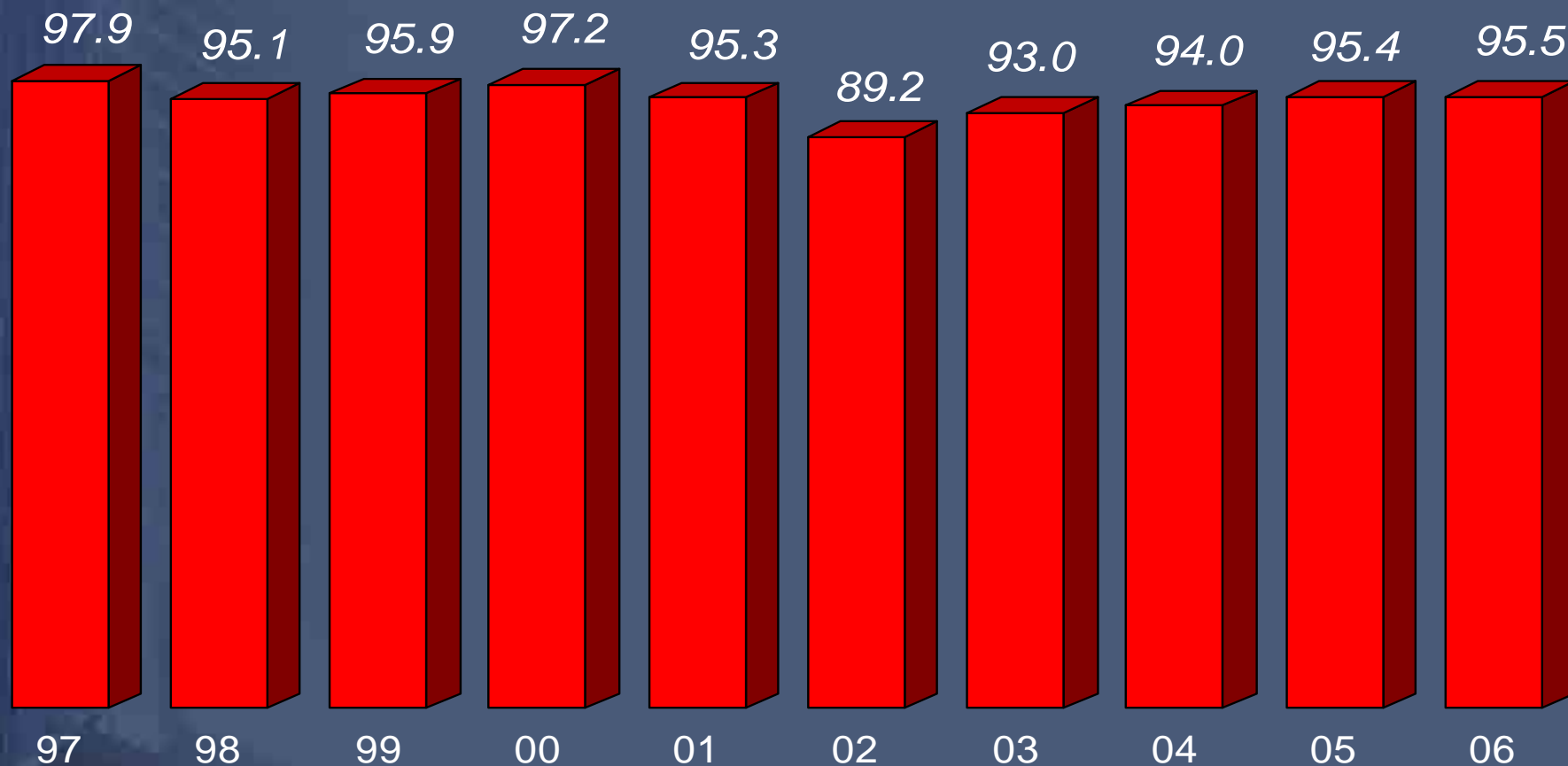
- Rents +27.9%
- Capital values +9.4%
- Vacancy at 31 Dec 4.2%

Source: Jones Lang LaSalle

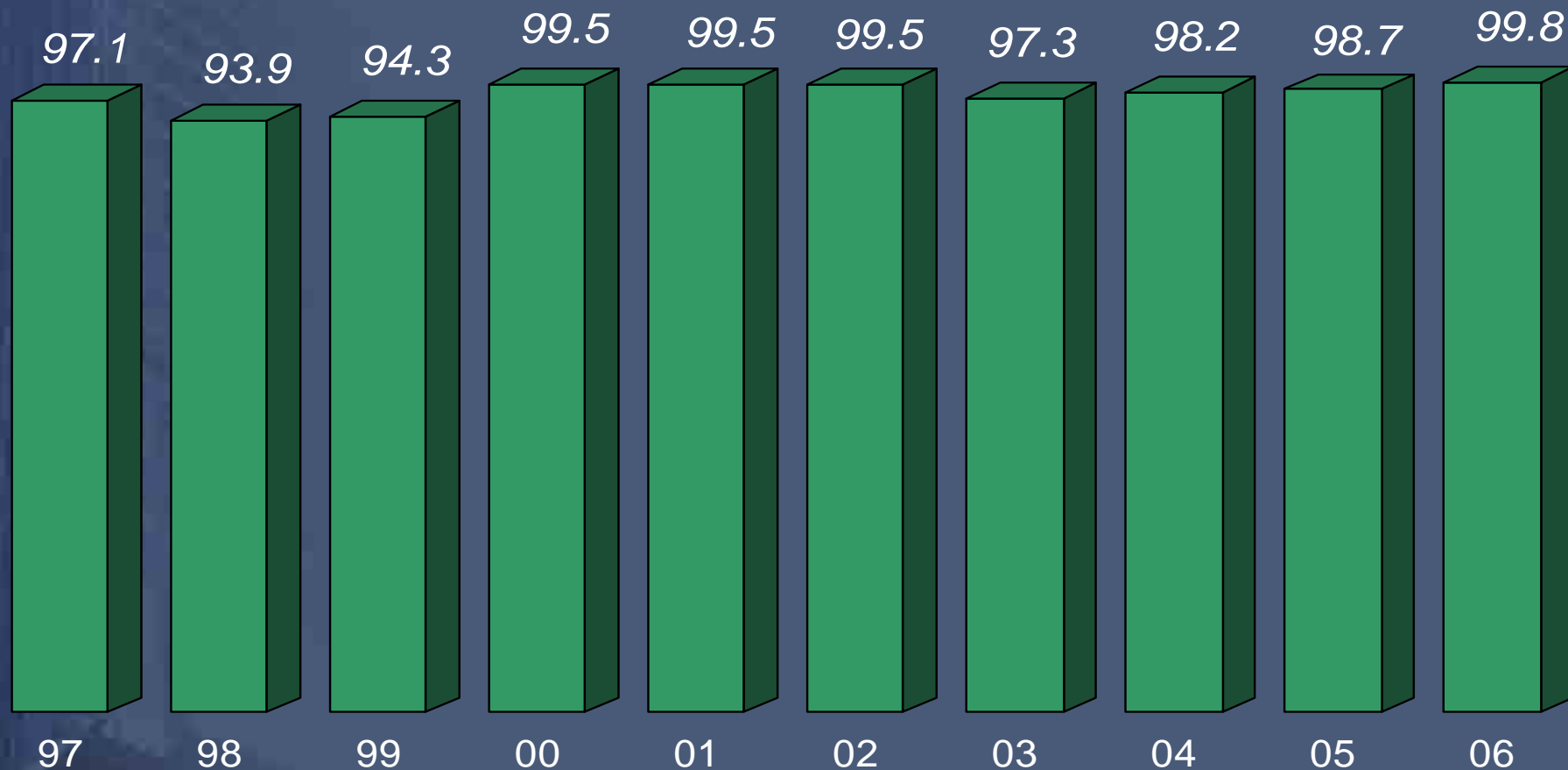
# Central Portfolio Performance

- Capital value +21.0%
- Office vacancy 4.5%
- Retail vacancy 0.2%

# Central Portfolio Office Occupancy (%)

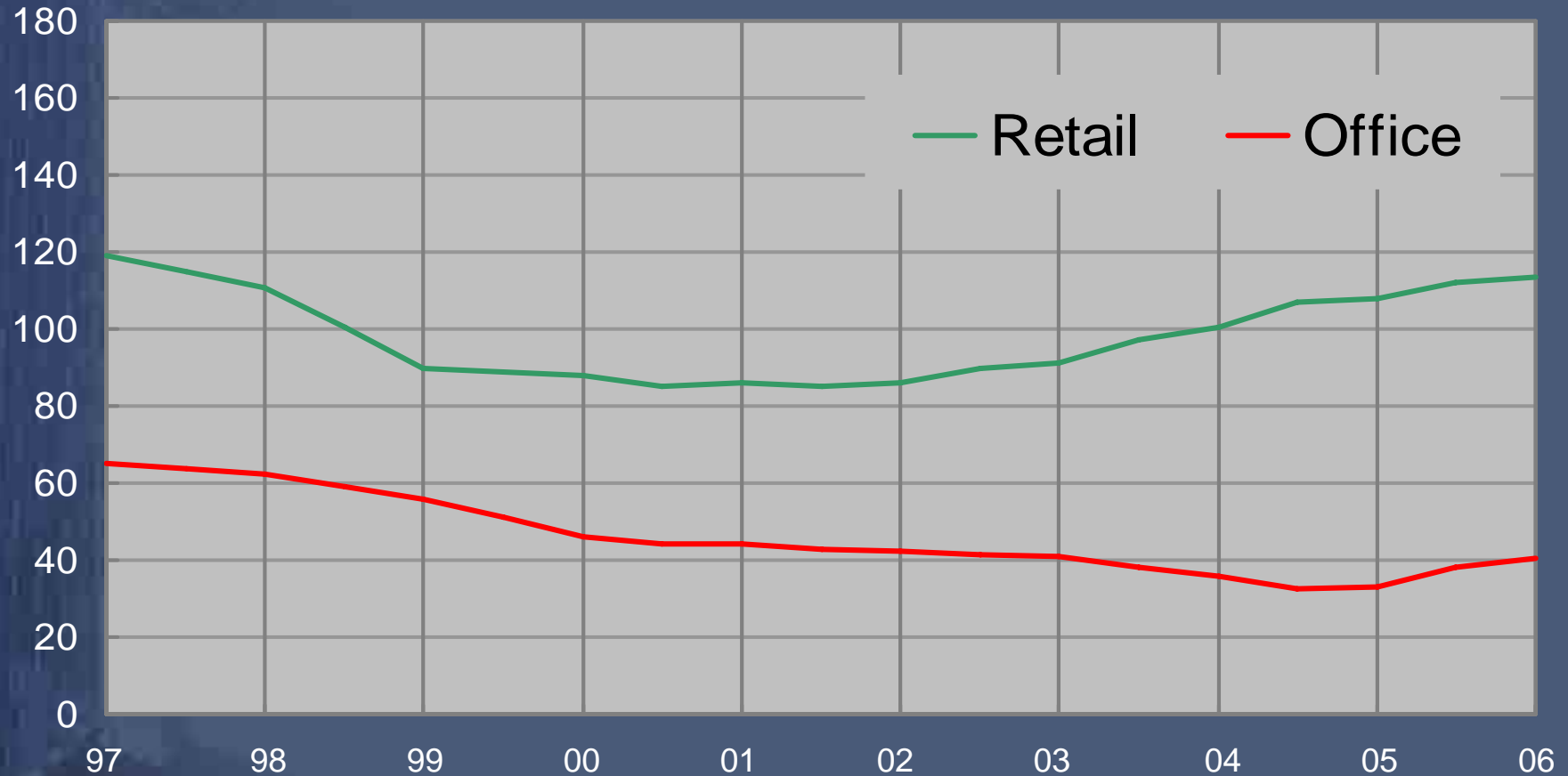


# Central Portfolio Retail Occupancy (%)

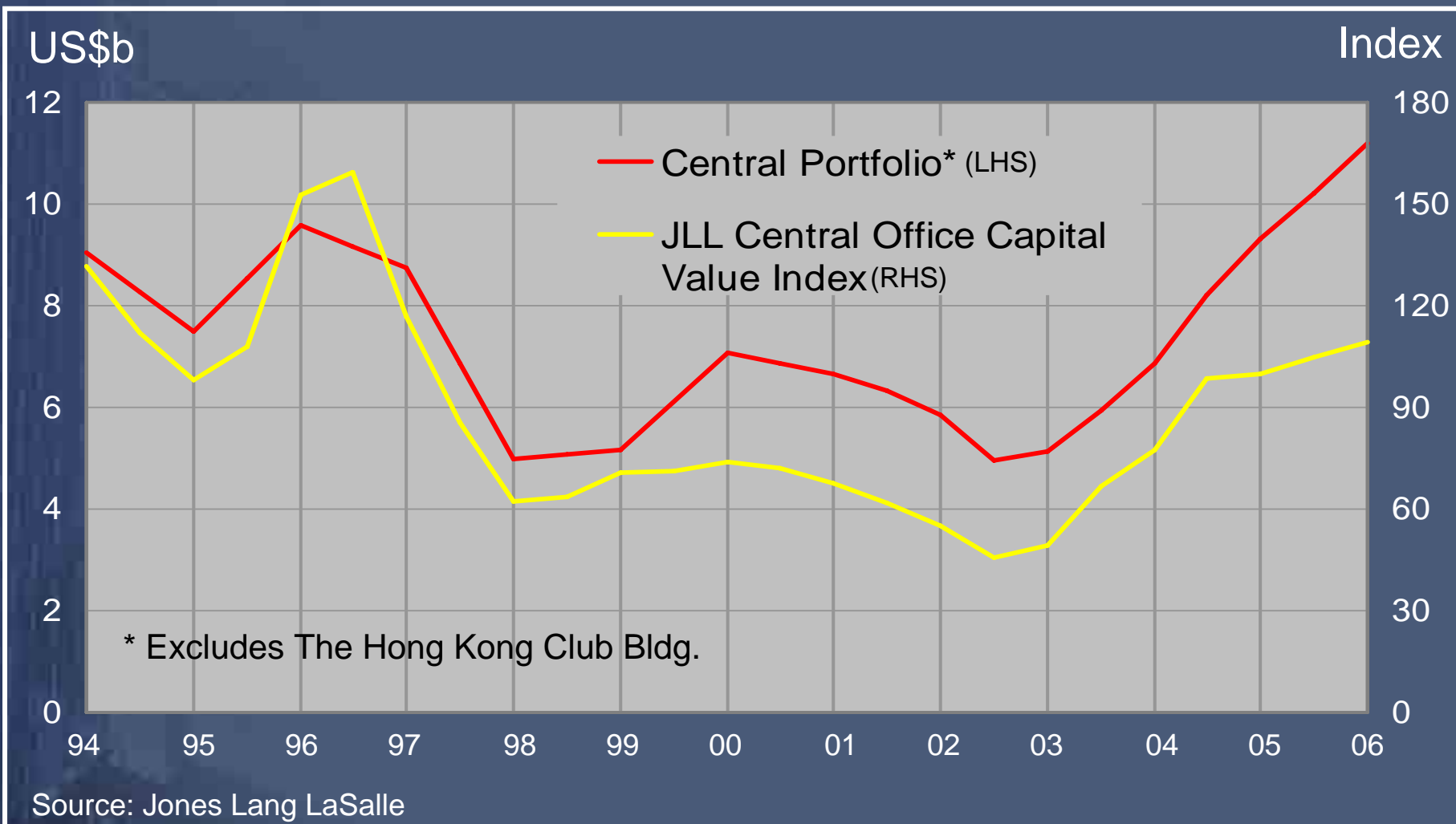


# Central Portfolio Average Rents

HK\$/sq.ft pm



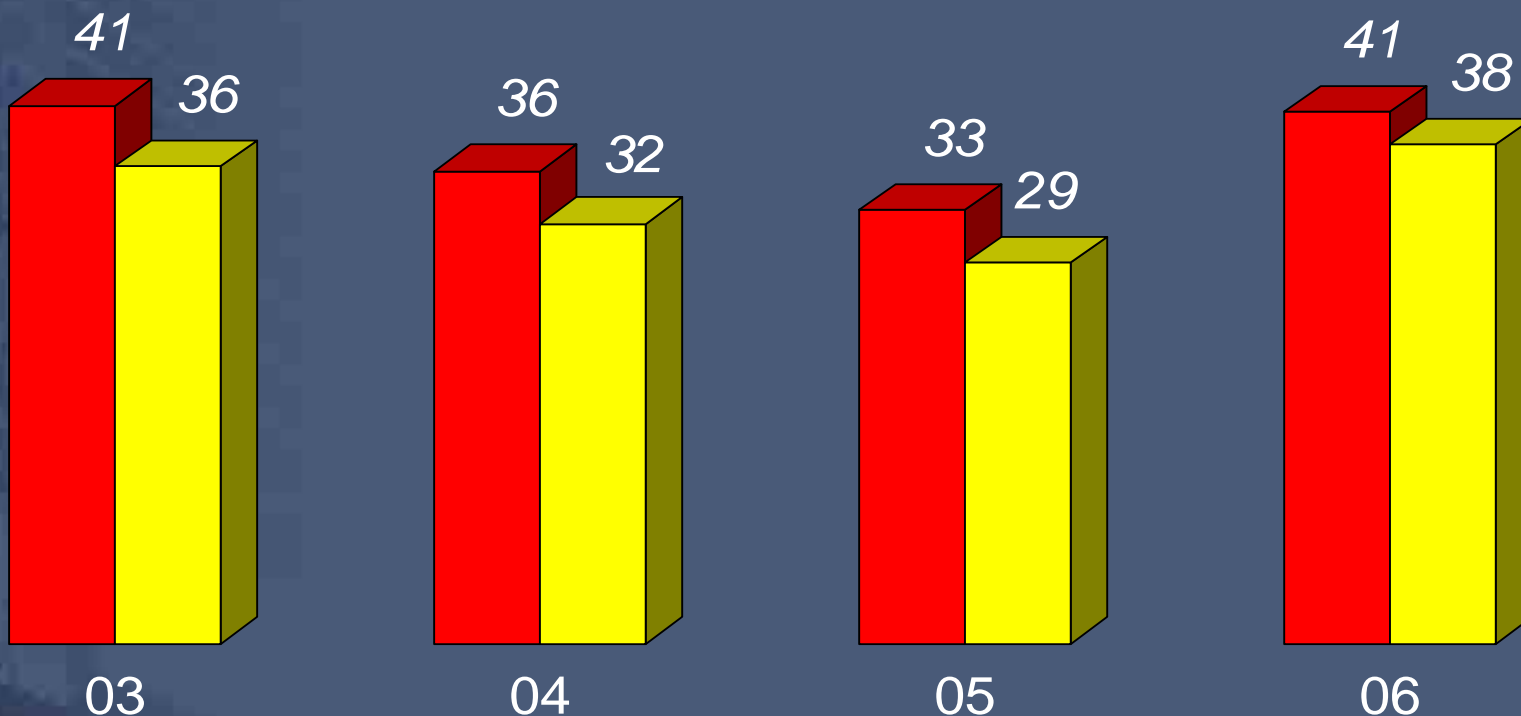
# Central Portfolio vs JLL Index



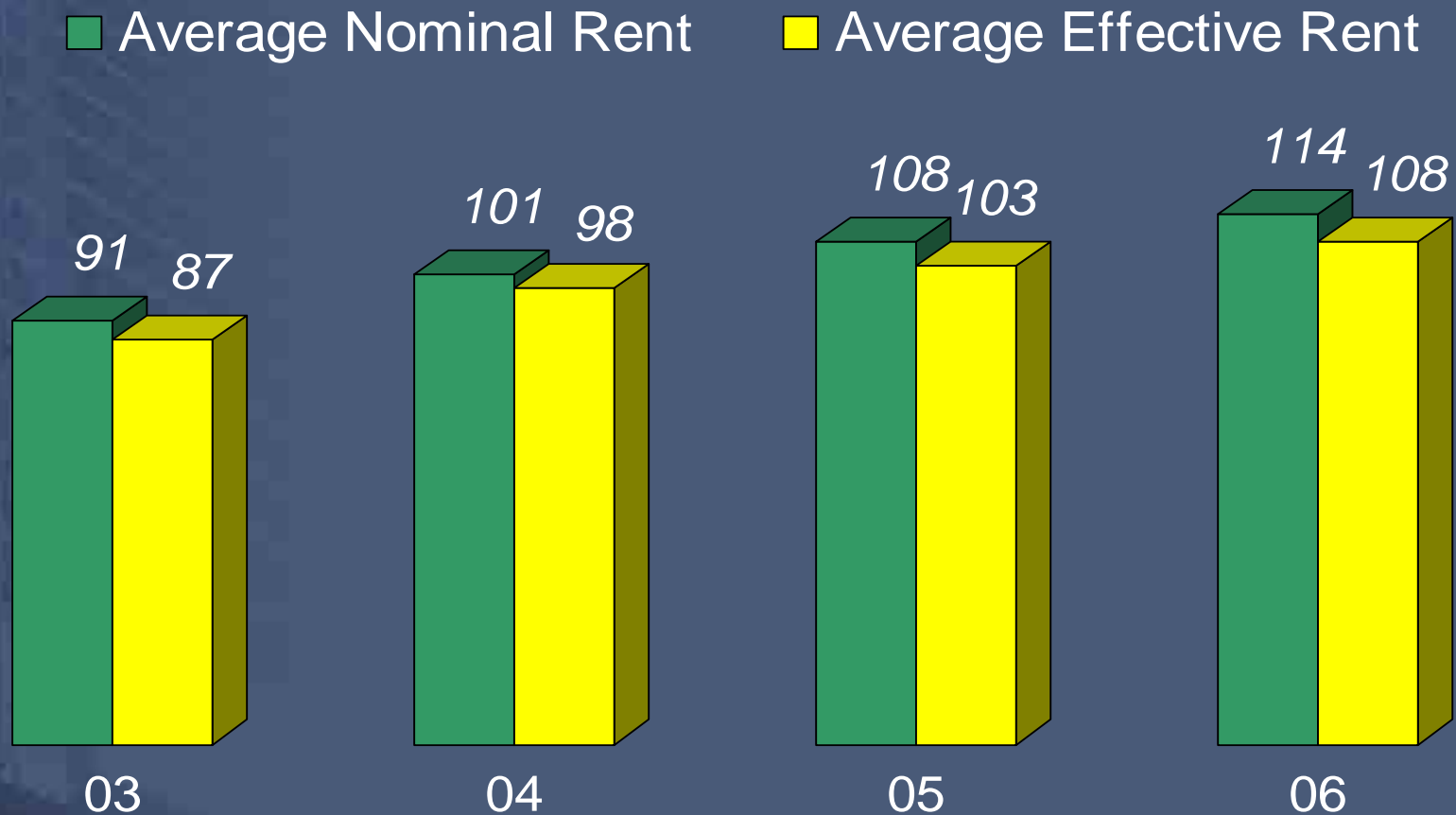
# Central Portfolio Average Office Rents (HK\$/sq.ft pm)

■ Average Nominal Rent

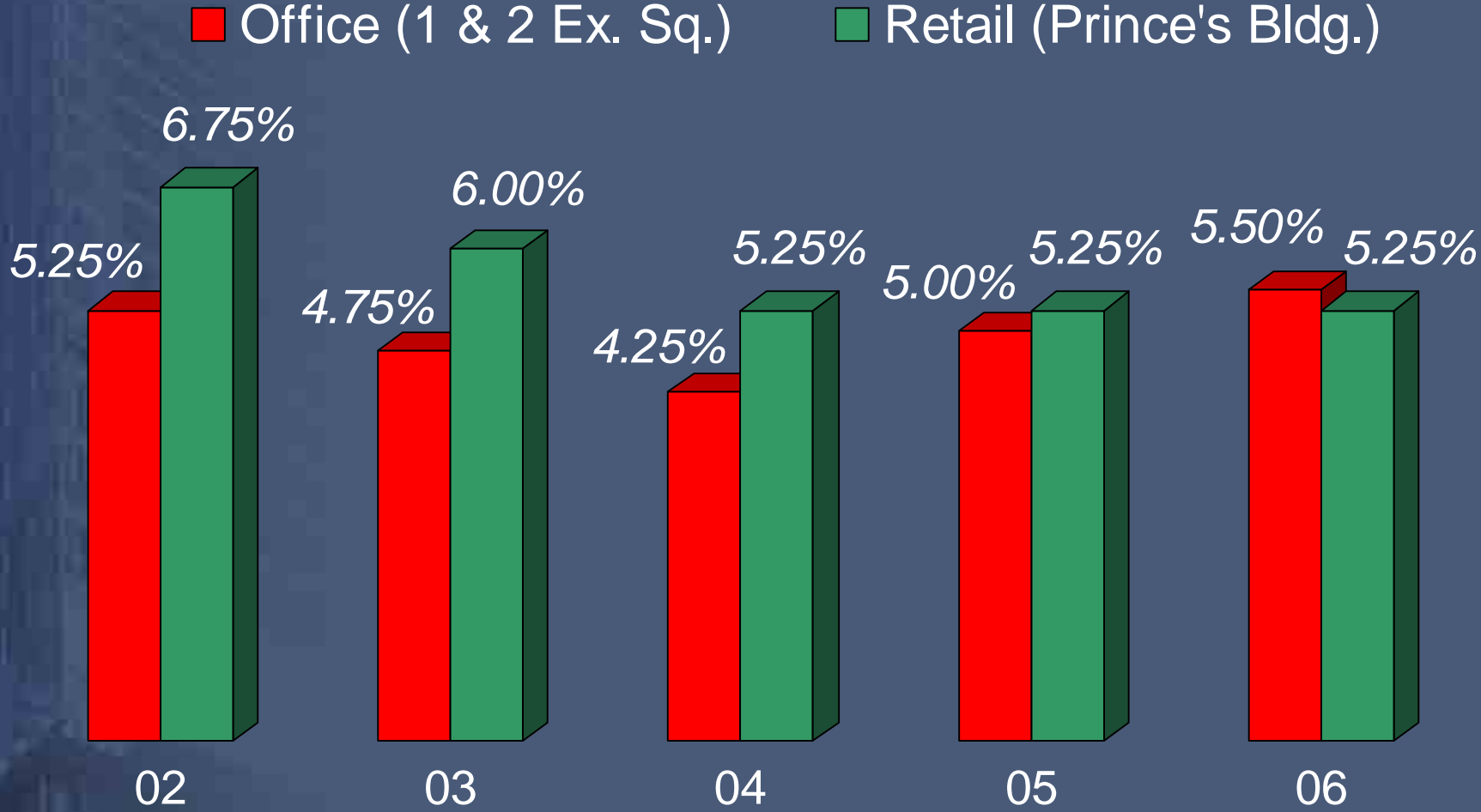
■ Average Effective Rent



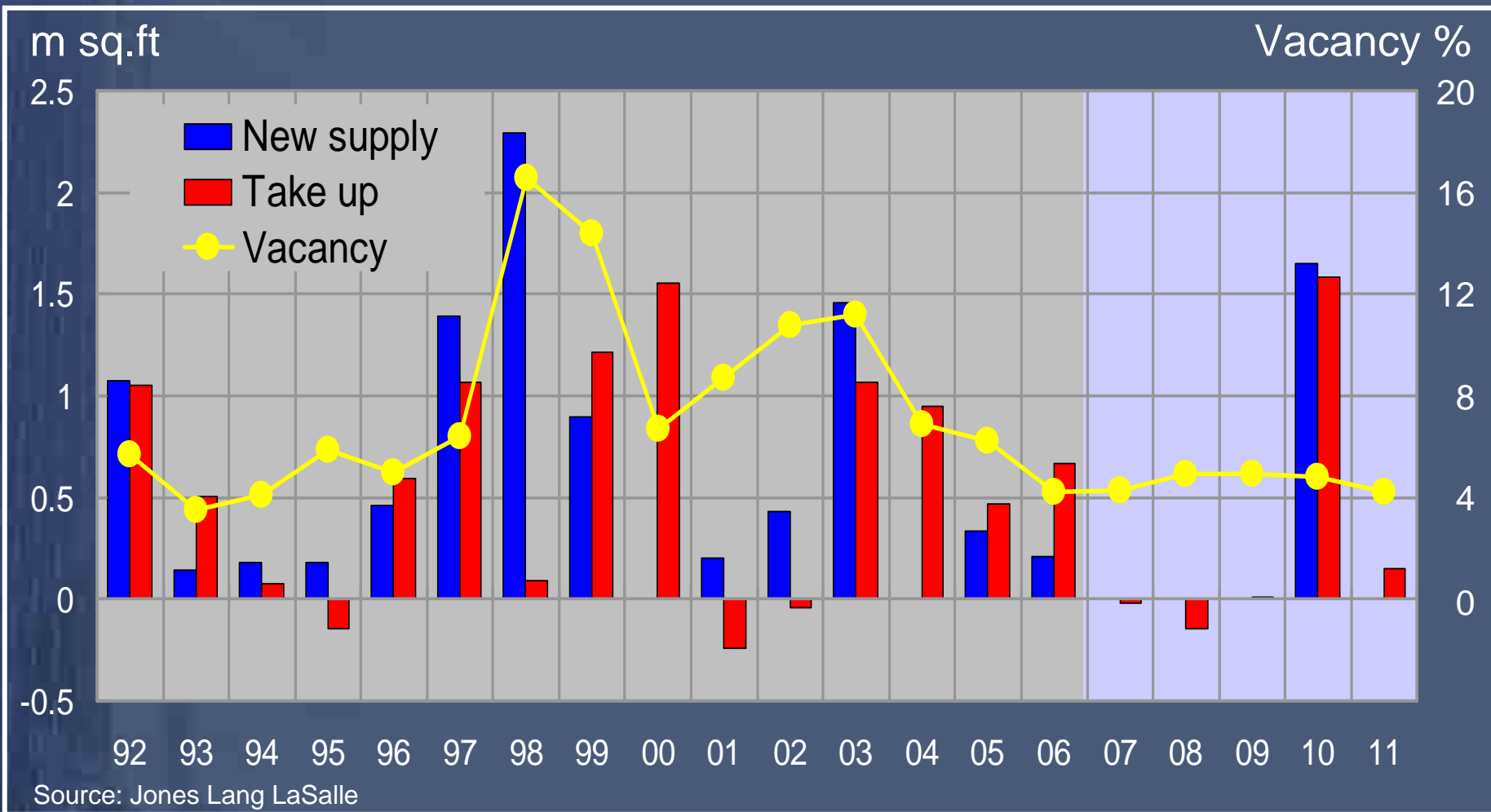
# Central Portfolio Average Retail Rents (HK\$/sq.ft pm)



# Equivalent Yields



# Hong Kong Central Grade "A" Office Market



Disclaimer: The above forecast shall be regarded solely as general guide, no representation is made nor responsibility accepted by Jones Lang LaSalle for the accuracy of the whole or any part whatsoever.

# The Landmark Scheme



## York House

- Completed Nov 2006
- 115,000 sq.ft office, 30% let
- 49,500 sq.ft retail, 100% let

# Regional Investments, Singapore



Background Image from Google Earth

# Regional Investments



## One Raffles Quay

- JV with CKH and Keppel Land (33.3% each)
- 1.3m sq.ft net
- Completed 2006
- 100% let

# Regional Investments



## Marina Bay Financial Centre

- 4.7m sq.ft total GFA, minimum 60% for offices
- Same partners as ORQ
- Phase I - 2.0m sq.ft office & retail, completion 2010
- Phase II - acquired Feb 2007, 2.1m sq.ft

# Regional Investments

## Jakarta



## Hanoi



## Bangkok



# Residential Property



# Recent Developments, Hong Kong



## Lai Sing Court & Victoria Road (100%)

- Site formation in progress
- Completion 2009/2010

# Recent Developments, Macau



## JV with Shun Tak (49%)

- Substructure work in progress
- Over 95% pre-sold
- Completion 2009

# Recent Developments, China



## Central Park, Beijing (40%)

- Phase III
  - substantially pre-sold
  - handover Q2 2007
- Phase IV
  - completion 2008
  - 27% sold/reserved

# Recent Developments, China



## Bamboo Grove, Chongqing (50%)

- Phase I
  - 650 units, 1.1m sq.ft
  - completion 2008

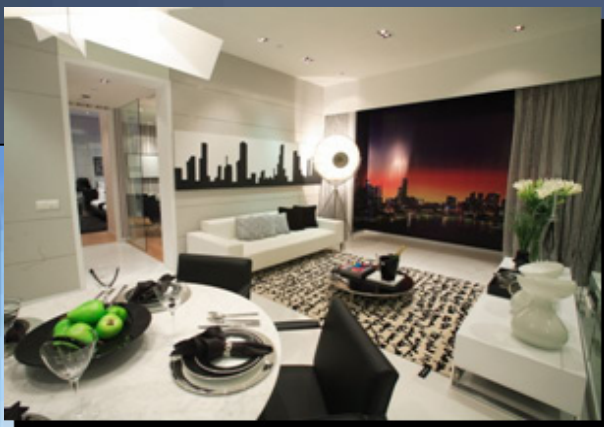
# Recent Developments, Singapore



## MCL Land (77%)

- 99% pre-sold for projects launched in 2006 or before
- Landbank in Singapore increased to 1.6m sq.ft GFA
- 2007 results should benefit from projects completion

# Recent Developments, Singapore



## Marina Bay Residences (33%)

- Phase I substructure work in progress
- Completion 2010
- 98% pre-sold
- Phase II acquired



# Outlook



# Outlook

- Prospects encouraging on a number of fronts
- Office leasing reversion cycle will continue to benefit income
- Retail portfolio performing strongly
- Residential sales will generate profit as developments are completed

# Explanatory Note

In preparing the Group's financial statements under International Financial Reporting Standards ('IFRS'), the fair value model for investment properties has been adopted. In accordance with this model, the Group's investment properties have been included at their open market value as determined by independent valuers. As there is no capital gains tax in territories where the Group has significant leasehold investment properties, no tax would be payable if those properties were to be sold at the amounts included in the financial statements. In relation to leasehold investment properties, however, IFRS require deferred tax on any revaluation amount to be calculated using income tax rates. This is in contrast to the treatment for the revaluation element of freehold properties where IFRS require capital gains tax rates to be used.

As Management considers that the Group's long leasehold properties have very similar characteristics to freehold property, the adjusted shareholders' funds, adjusted net asset value per share and adjusted gearing information is presented on the basis that would be applicable if the leasehold properties were freeholds. The adjustments made add back the deferred tax provided in the financial statements that would not have been provided if the properties were freeholds, which in any event would not be payable on a sale of the properties.