

News Release

To: Business Editor

For immediate release

Hongkong Land Reports Another Year of Record Performance on the Back of a Strong Central Portfolio

The Group remains optimistic over the long-term prospect of Hong Kong's property market

HONG KONG, 4th March 2019 - Hongkong Land achieved a second consecutive year of record underlying profit at US\$1,036 million, representing a year-on-year growth of 9%. The strong performance was partly driven by the significant contribution from its Hong Kong Central portfolio with continued high occupancy and rental rates. At the end of 2018, the Group's Central office vacancy was 1.4%, remaining unchanged from the end of 2017. Positive rental reversions continued, with average office rents increasing to HK\$113 per sq. ft in 2018 from HK\$108 per sq. ft in 2017. The Group's Central retail portfolio effectively remains fully occupied with positive rental reversions. The average retail rent in 2018 increased to HK\$233 per sq. ft from HK\$224 per sq. ft in 2017.

Over the last two years, the Group recorded some 4% (in terms of rental area) of its Central tenants moving to decentralised locations. In contrast, the number of tenants in the Central portfolio who have committed to new leases in the last three years for terms of five years and above account for approximately 30% of the Group's total rental area. These deals include many law firms that have committed their long-term future to Central. As a result, the Group's tenant mix has remained largely unchanged in recent years.

In addition to the excellent services that Hongkong Land provides to its tenants, the continued success of its Central portfolio is attributed to its tenants' preference for prestige, community, connectivity and the convenience provided by the district. In particular, Central remains a strong brand for both employers and employees given the convenience of having professional advisors and banks within walking distance, convenient transport links and nearby amenities such as premium hotels, luxury retail and world-class Michelin-starred food and beverage offerings.

Mr Robert Wong, Chief Executive of Hongkong Land, commented, "As Hong Kong's leading property developer, we remain firmly committed to this market. The Greater Bay Area development will further enhance Hong Kong's status as an international finance and trade centre and continue to boost the city's prosperity. We are optimistic about the long-term economic growth of Hong Kong and believe our strong holdings in Central will benefit from it."

"The development of non-Central business districts is a trend we have observed in other international cities. Non-Central locations ensure that the overall office market caters for the varying price appetite of companies operating in Hong Kong. This trend is a testament to the healthy development of the market, which we are pleased to see. In 2019, while we expect the Hong Kong property market will face uncertainties brought

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by the macro environment, we remain confident of the long-term growth of our Central office and retail portfolio," Mr Wong added.

Hongkong Land is in the process of developing a number of new strategic initiatives to enhance the quality of its portfolio and provide added value to tenants in Hong Kong and the region, which will be rolled out later this year.

Hongkong Land

Hongkong Land is a major listed property investment, management and development group. Founded in 1889, Hongkong Land's business is built on excellence, integrity and partnership.

The Group owns and manages more than 850,000 sq. m. of prime office and luxury retail property in key Asian cities, principally in Hong Kong, Singapore, Beijing and Jakarta. Its properties attract the world's foremost companies and luxury brands.

The Group's Central Hong Kong portfolio represents some 450,000 sq. m. of prime property. It has a further 165,000 sq. m. of prestigious office space in Singapore mainly held through joint ventures, a luxury retail centre at Wangfujing in Beijing, and a 50% interest in a leading office complex in Central Jakarta. The Group also has a number of high quality residential, commercial and mixed-use projects under development in cities across Greater China and Southeast Asia. In Singapore, its subsidiary, MCL Land, is a well-established residential developer.

Hongkong Land Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Group's assets and investments are managed from Hong Kong by Hongkong Land Limited. Hongkong Land is a member of the Jardine Matheson Group.

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