2017 Half-Yearly Results

Presentation

Hongkong Land

4th August 2017

Agenda

Speakers: Robert Wong, Chief Executive & Simon Dixon, Chief Financial Officer

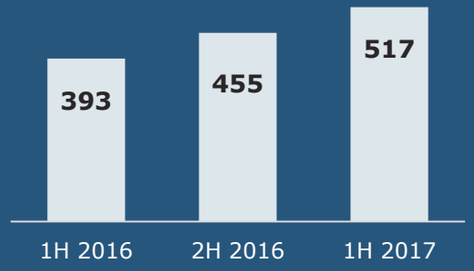
1. 2017 Half-Yearly Highlights
2. Investment Properties
3. Development Properties
4. Financial Highlights
5. Outlook
6. Q&A

2017 Half-Yearly Highlights

US$517m

Underlying profit

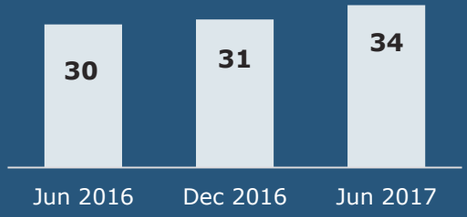
+32% YoY



US$34bn

Shareholders' funds

+9% HoH



Key figures

- Profit[1]: US$3,125m (1H 2016: US$1,263m)
- Net debt: US$1.9bn (Dec 2016: US$2.0bn)
- NAV per share: US$14.54 (Dec 2016: US$13.30)
- Interim dividend per share: US¢6 (1H 2016: US¢6)

Highlights

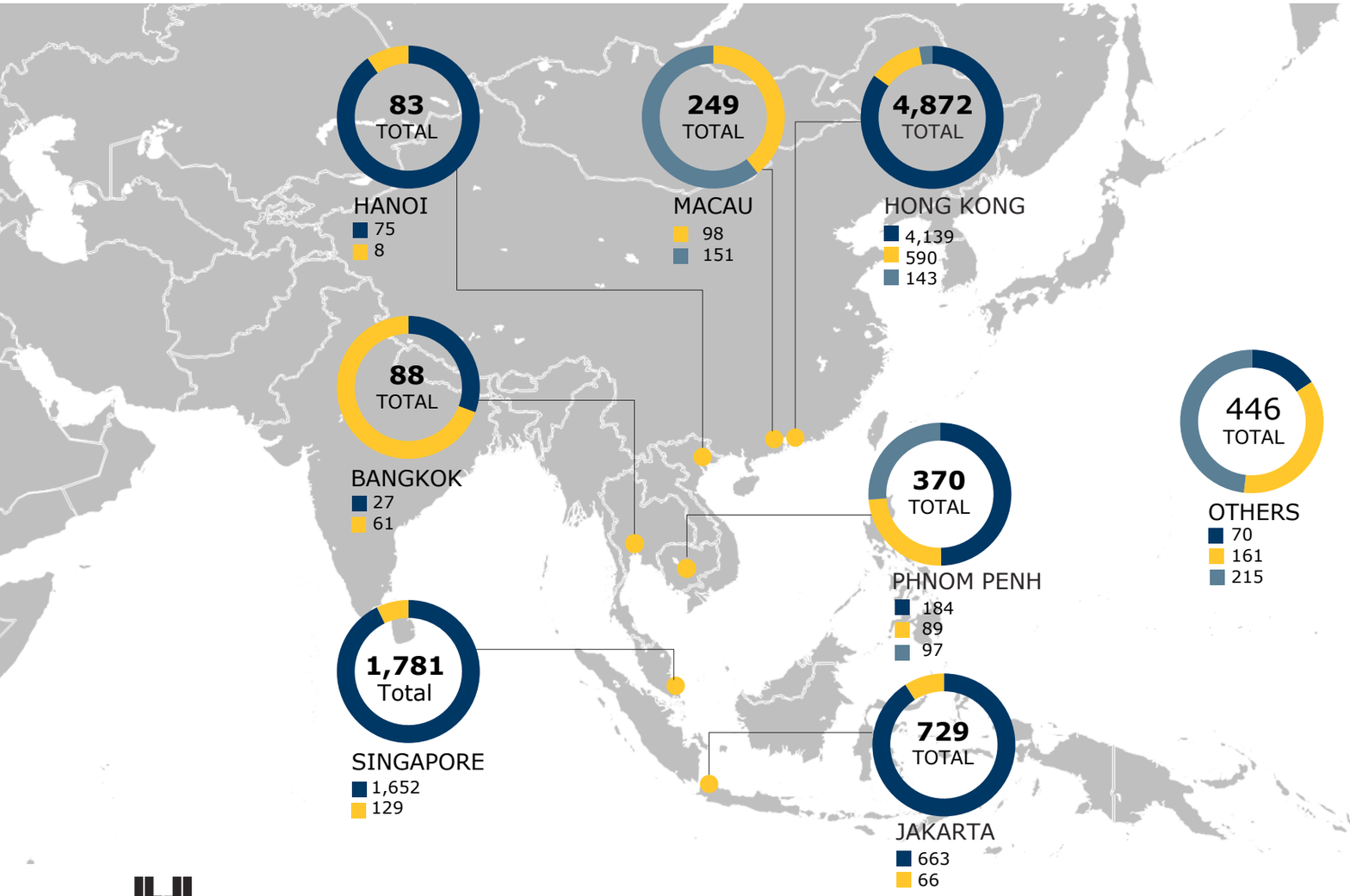
- Underlying 1H profit[1] up 32% YoY and 14% HoH
- Positive performance from investment properties
- Higher sales completions of development properties in mainland China and Singapore
- New property developments in Singapore, Nanjing and Wuhan

[1] Attributable to Shareholders of the Company

Investment Properties

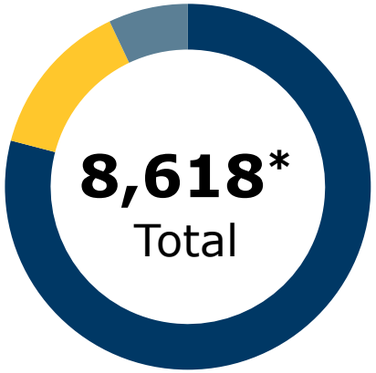
Investment Properties Overview

Investment properties are primarily located in Hong Kong and Singapore



TOTAL COMPLETED AREA (HKL's share)

(000's sq. ft NFA)

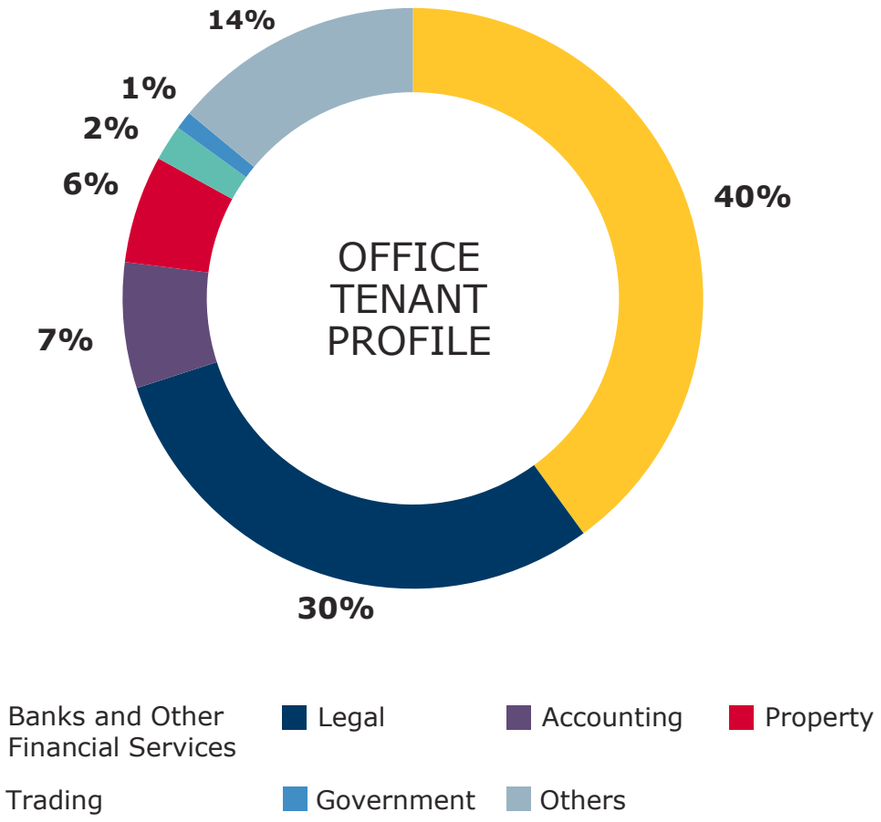


Office	6,810
Retail	1,202
Hotel	606

*Equivalent to 800,000 sq. m.

Hong Kong Portfolio – Office

Positive rental reversions and lower vacancy as market supply remained tight

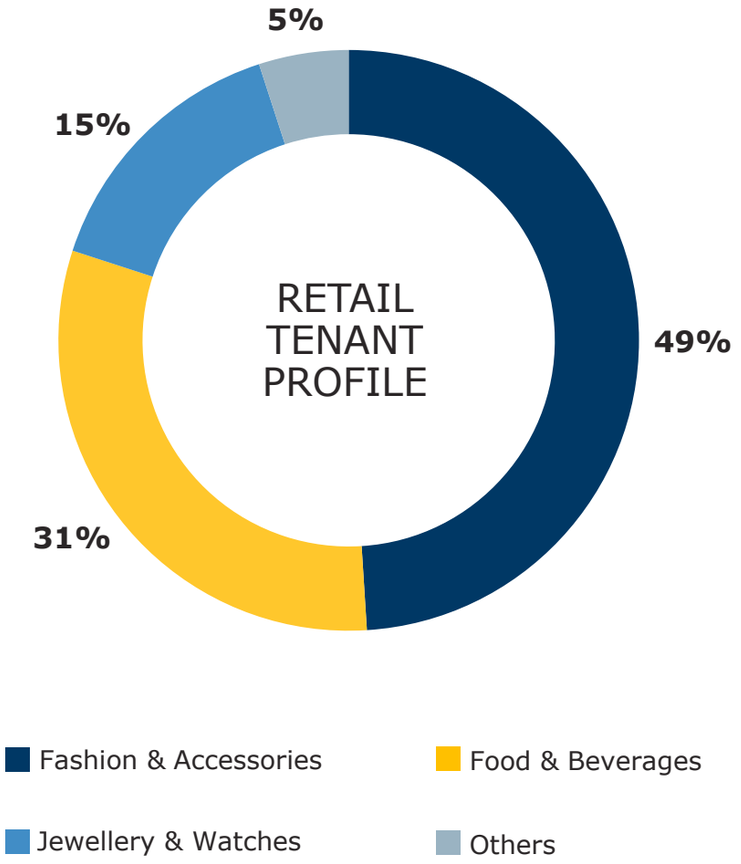


AVERAGE RENTS & VACANCY	1H 2016	2H 2016	1H 2017
Average net rent (HK$ psf/month)	103	103	**106**
Period-end vacancy	3.1%	2.2%	**1.5%**
Weighted average lease expiry (years)	4.0	3.8	**4.0**

EXPIRATION AND INTERIM RENT REVISIONS	2H 2017	2018	2019
Total lettable office area subject to expiration/rent revisions ('000 sq. ft)	328	1,255	1,037
% of area subject to expiration/rent revisions	8%	30%	25%
- Expiration	5%	17%	19%
- Rent revisions	3%	13%	6%
Average expiring net rent (HK$ psf/month)	94.3	103.0	116.3

Hong Kong Portfolio – Retail

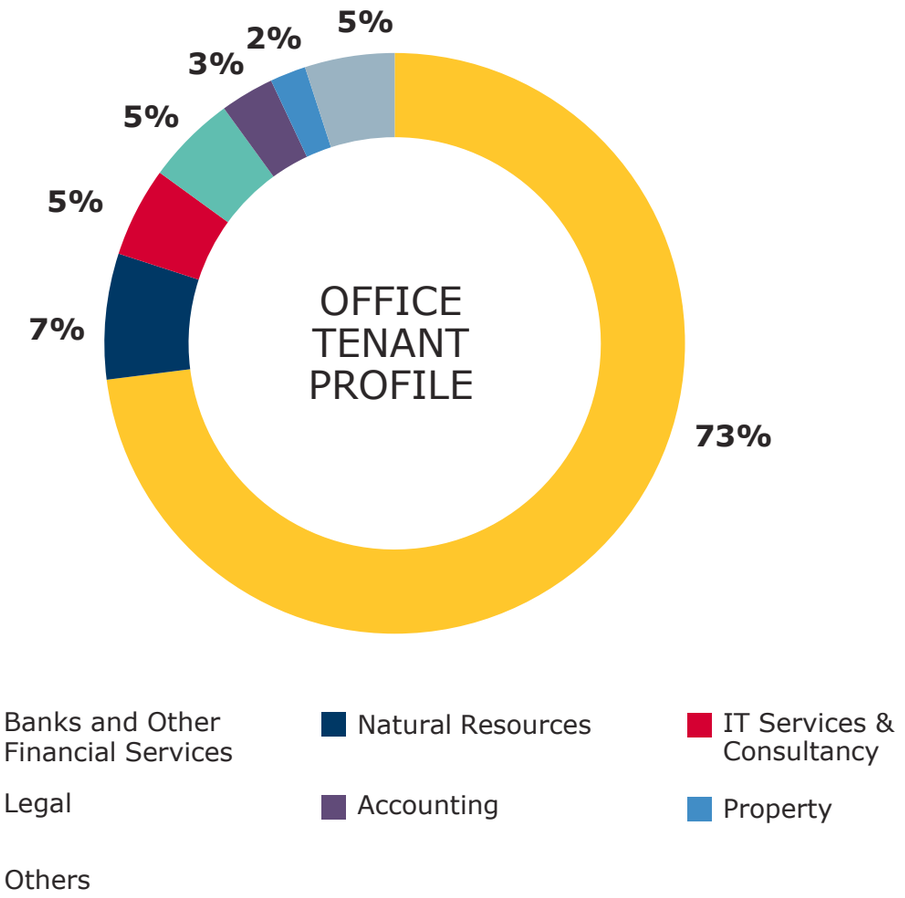
Higher rents due to positive 2016 reversions



AVERAGE RENTS & VACANCY			
	1H 2016	2H 2016	1H 2017
Average net rent (HK$ psf/month)	216	220	**224**
Period-end vacancy	0%	0%	**0.6%**
Weighted average lease expiry (years)	2.6	2.8	**2.7**

Singapore Portfolio – Office

Low vacancy rate



AVERAGE RENTS & VACANCY	1H 2016	2H 2016	1H 2017
Average gross rent (S$ psf/month)	9.4	9.2	**9.1**
Period-end vacancy	1.0%	0.1%	**0.2%**
Weighted average lease expiry (years)	5.3	4.9	**4.5**

EXPIRATION AND INTERIM RENT REVISIONS	2H 2017	2018	2019
HKL's Share: Total lettable office area subject to expiration/rent revisions ('000 sq. ft)	23	713	318
% of area subject to expiration/rent revisions	1%	43%	19%
- Expiration	1%	5%	12%
- Rent revisions	-	38%	7%
Average expiring gross rent (S$ psf/month)	10.1	9.0	9.8

Rest of Asia Portfolio

Modest exposure outside Hong Kong and Singapore

MAINLAND CHINA

Beijing – WF CENTRAL (84%-owned)

- Prestigious retail centre, which includes an exclusive luxury hotel (Mandarin Oriental)
- 43,000 sq. m. NFA
- Open: Q4 2017 (hotel in 2018)
- Pre-leasing commitments from a diverse range of tenants

SOUTHEAST ASIA

Jakarta – Jakarta Land (50%-owned)

- Existing portfolio features 135,000 sq. m. NFA
- Average gross rent: US$26 psm per month (1H 2016: US$25 psm per month)
- Occupancy: 92%
- WTC 3: On schedule to complete in 2018

Phnom Penh – EXCHANGE SQUARE (100%-owned)

- Completed in early 2017
- Space in the 26,000 sq. m. mixed-use complex is being taken up by tenants

New Project in Singapore

Expanding our portfolio of prime investment properties in Singapore's Marina Bay Financial District

SINGAPORE

JV with IOI Properties (33%-owned)

- Located within the Marina Bay Financial District of Singapore
- Site area: 1.1 ha
- Two office towers
- 1.26 million sq. ft (117,000 sq. m.) NFA office
- 30,000 sq. ft (2,800 sq. m.) NFA retail podium
- Connected to HKL's existing portfolio in the district

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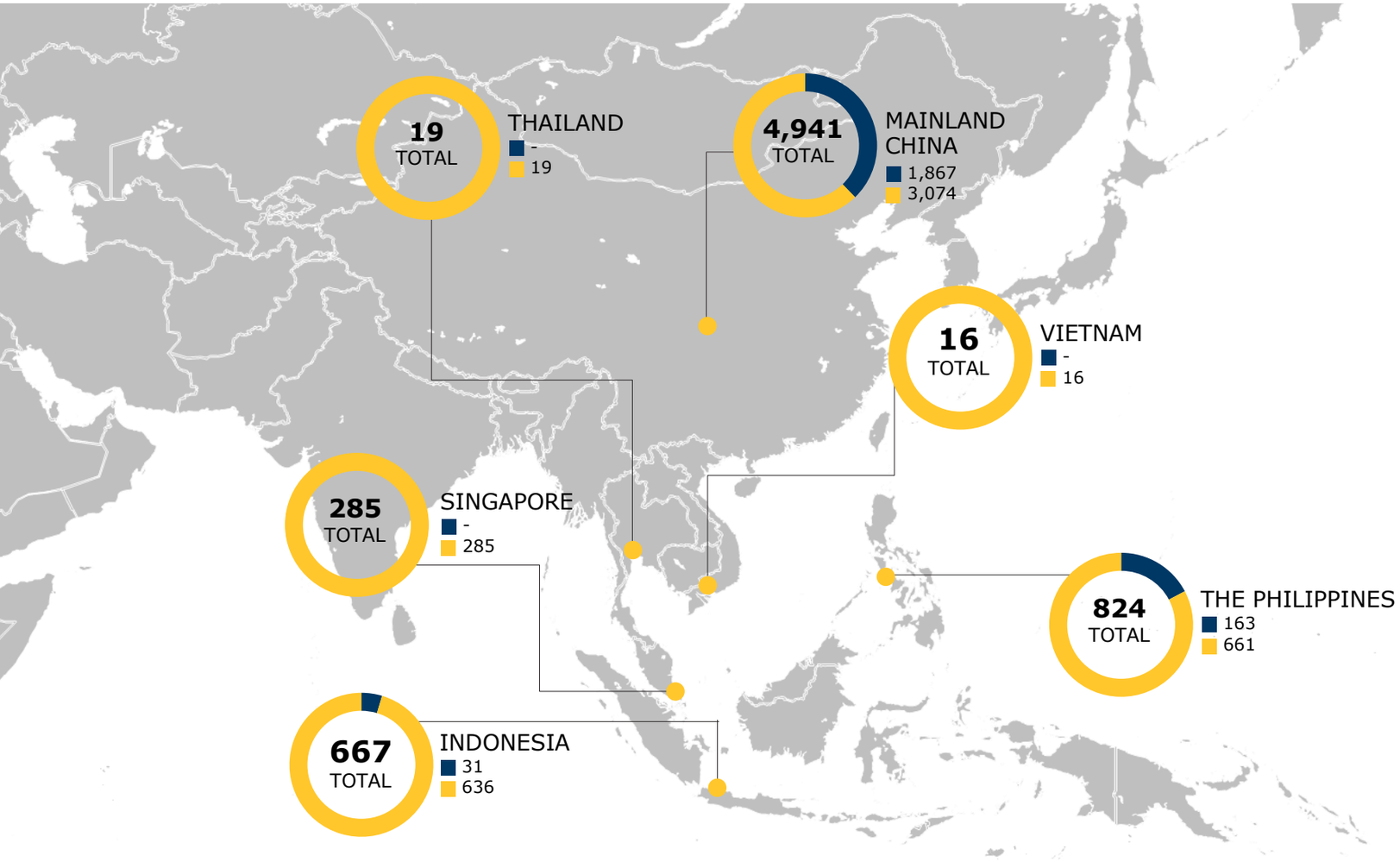
Development Properties

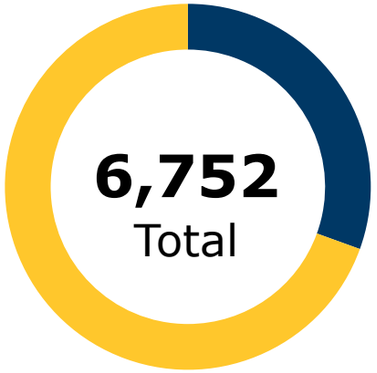
Development Properties Overview

The development properties portfolio spans six countries and 11 cities, with a key focus on mainland China and Singapore



TOTAL DEVELOPABLE AREA (HKL's share)

(000's sq. m. GFA)



Constructed	2,061
Under construction/ to be developed	4,691

Mainland China Portfolio – Overview

CHONGQING

- Six projects
- Total GFA 6.1 million sq. m. (HKL's share: 4.1 million sq. m.)

WUHAN

- Conditionally acquired
- New 50% JV
- Total GFA 494,000 sq. m. (HKL's share: 247,000 sq. m.)

BEIJING

- Maple Place (90%-owned)
- Central Park (40%-owned)

CHENGDU

- WE City
- Total GFA 898,000 sq. m. (HKL's share: 449,000 sq. m.)

NANJING

- New 33% JV
- Total GFA 217,000 sq. m. (HKL's share: 72,000 sq. m.)

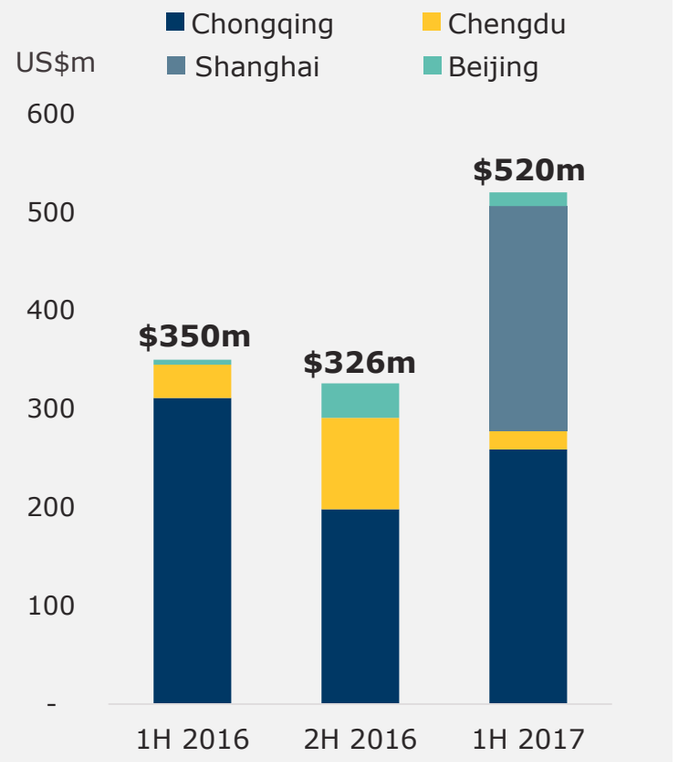
SHANGHAI

- Parkville
- Total GFA 227,000 sq. m. (HKL's share: 113,000 sq. m.)

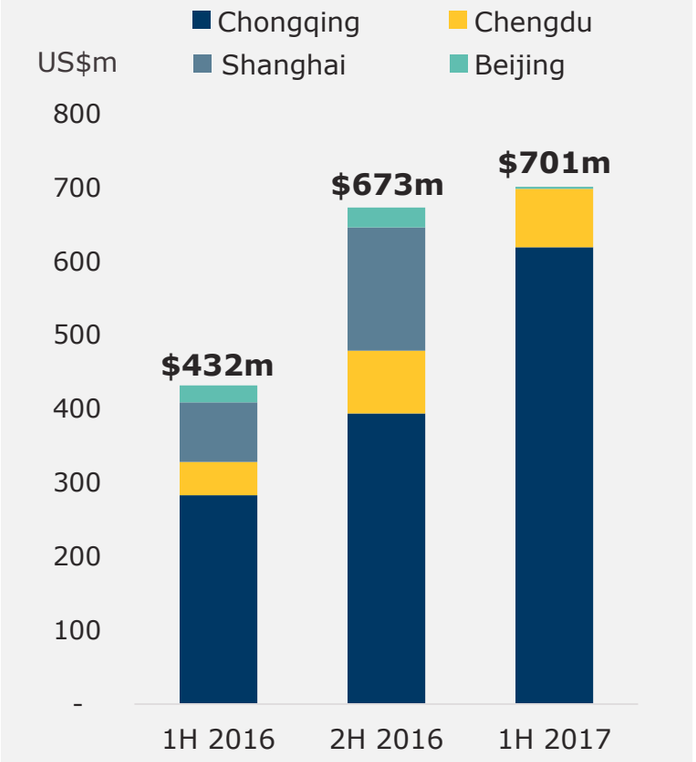
Mainland China Portfolio

Increase in overall contracted sales and improved profit contribution as a result of positive market sentiment and further completions

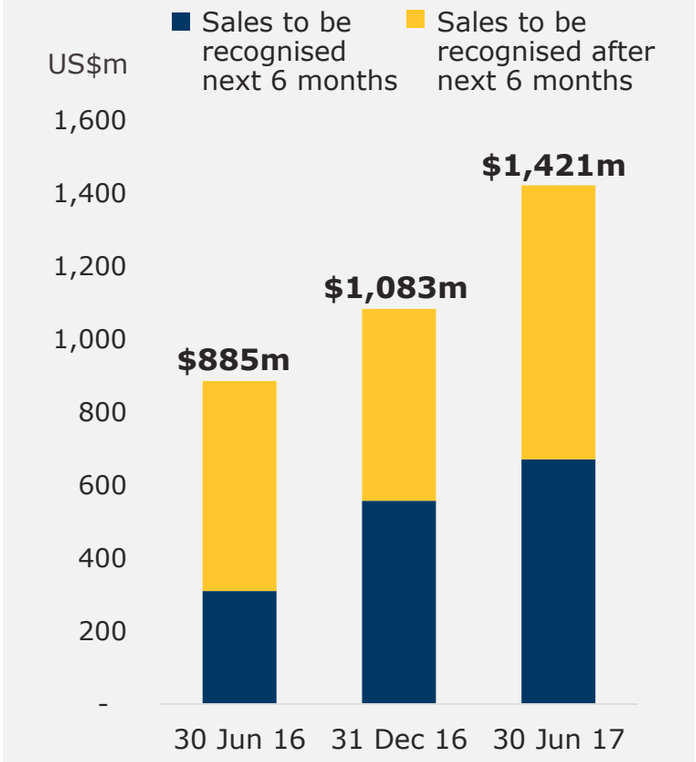
REVENUE RECOGNISED*



CONTRACTED SALES*



SOLD BUT UNRECOGNISED SALES*



* The above analysis includes share of Joint Ventures & Associates

Singapore Portfolio – Overview

LAKEVILLE

- 699 units
- 674,000 sq. ft. GFA (63,000 sq. m.)
- Completed in 2017
- 100% sold

LAKE GRANDE

- 710 units
- 537,000 sq. ft. GFA (50,000 sq. m.)
- Completion: 2019
- Pre-sold: 87%

MARGARET DRIVE

- 315 units
- 238,000 sq. ft. GFA (22,000 sq. m.)
- Completion: 2020

SOL ACRES

- 1,327 units
- 1.24 million sq. ft. GFA (115,000 sq. m.)
- Completion: 2018
- Pre-sold: 73%

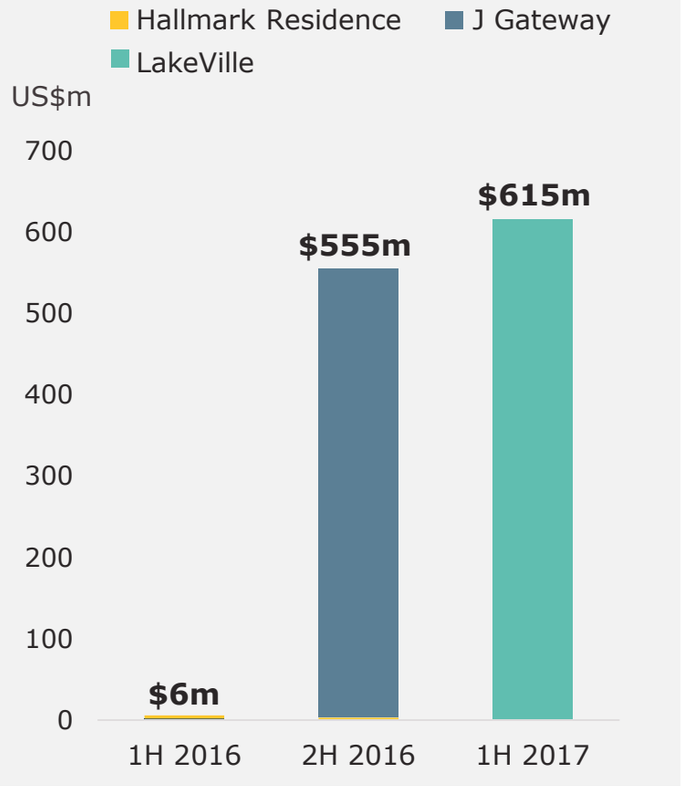
EUNOSVILLE

- Conditionally acquired
- 1,399 units (estimated)
- 1.05 million sq. ft. GFA (98,000 sq. m.)
- Completion: 2021

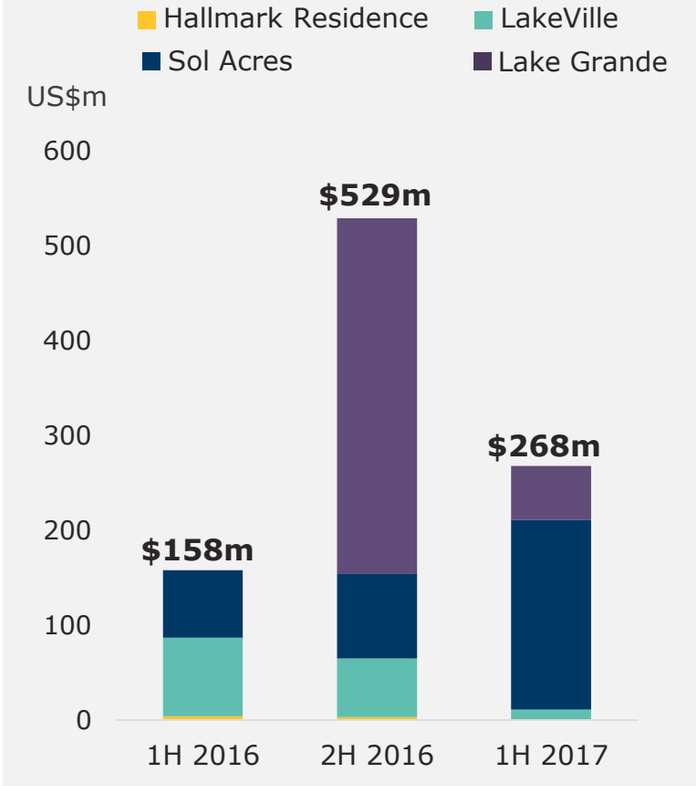
Singapore Portfolio

An increase in revenue and profit contribution arising from the 1H completion of LakeVille

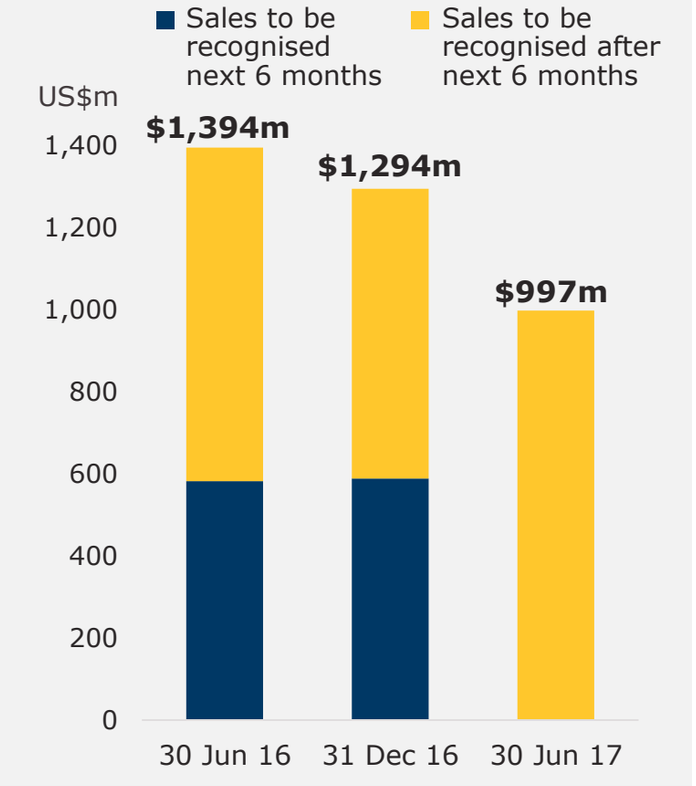
REVENUE RECOGNISED



CONTRACTED SALES



SOLD BUT UNRECOGNISED SALES



Rest of Asia Portfolio

Performance within expectations

INDONESIA

Nava Park (49%-owned)

- Site area: 67 ha; GFA: 802,000 sq. m.
- 653 units launched for sales (67% pre-sold)

Anandamaya (40%-owned)

- Site area: 1.3 ha; GFA: 116,000 sq. m.
- 509 units, 94% pre-sold
- Completion: 2018

Asya (25%-owned)

- Previously known as Jakarta Garden City
- Site area: 67 ha; GFA: 907,000 sq. m.
- East of central Jakarta
- Multiple phases
- Construction start: 2017

VIETNAM

The Nassim (50%-owned)

- Site area: 0.6 ha; GFA: 31,000 sq. m.
- 238 units, 97% pre-sold
- Completion: 2018

THE PHILIPPINES

Two Roxas Triangle (40%-owned)

- Site area: 0.5 ha; GFA: 98,000 sq. m.
- 182 units, 99% pre-sold
- Completion: 2018

Mandani Bay (40%-owned)

- Site area: 20 ha; GFA: 1.2 million sq. m.
- Phase 1: 1,226 units, 78% pre-sold
- Completion: 2035

New Projects

Four new projects have been added to the portfolio

WUHAN

Wuhan Salon Phase 2 (50%-owned)

- Conditionally acquired
- JV with Zall Group
- Mixed-use project
- GFA: 494,000 sq. m.
- Completion: 2021

NANJING

Nanjing (33%-owned)

- JV with CMSK and Country Garden
- Mixed-use project
- GFA: 217,000 sq. m.
- Completion: 2021

SINGAPORE

Eunosville, MCL Land

- Conditionally acquired
- Residential project
- GFA: 1.05 million sq. ft. (98,000 sq. m.)
- 1,399 units
- Completion: 2021

BANGKOK

The Esse at Sukhumvit 36 (49%-owned)

- JV with Singha Estate
- Residential project
- GFA: 38,000 sq. m.
- 338 units
- Completion: 2020

Financial Highlights

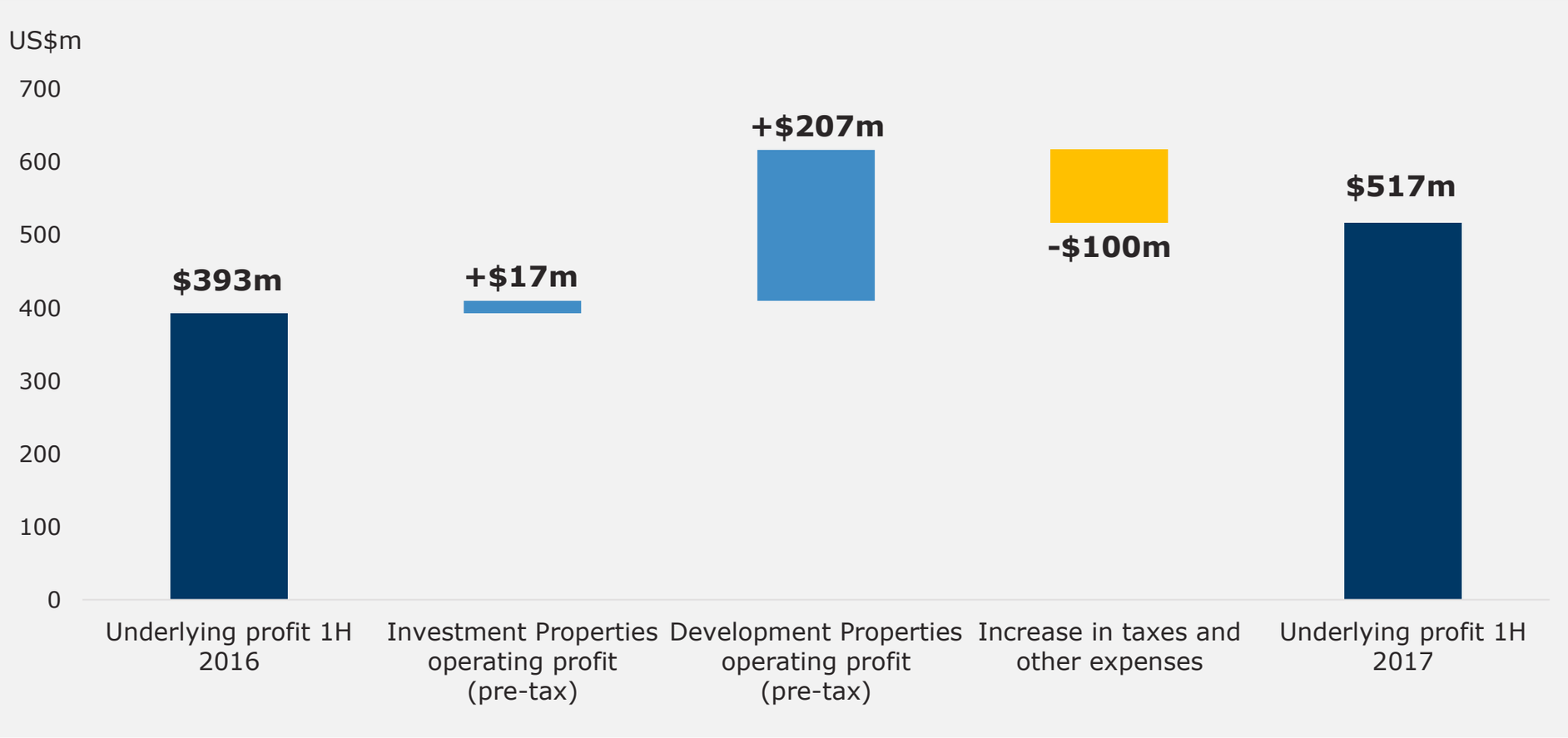
Consolidated Profit and Loss Account

1H Revenue and underlying profit up year-on-year

FY2016	(US$m)	1H 2017	1H 2016	%YoY
1,994	Revenue	**1,297**	783	66
(1,023)	Net operating costs	**(787)**	(327)	141
971	Operating profit	**510**	456	12
117	Share of results of joint ventures	**135**	60	125
(69)	Net financing charges	**(36)**	(33)	9
(168)	Tax	**(91)**	(89)	2
(3)	Non-controlling interests	**(1)**	(1)	-
848	Underlying profit	**517**	393	32
2,498	Non-trading items	**2,608**	870	200
3,346	Profit attributable to shareholders	**3,125**	1,263	147

Movement in Underlying Profit

Increase in underlying profit driven by higher completions in mainland China and Singapore

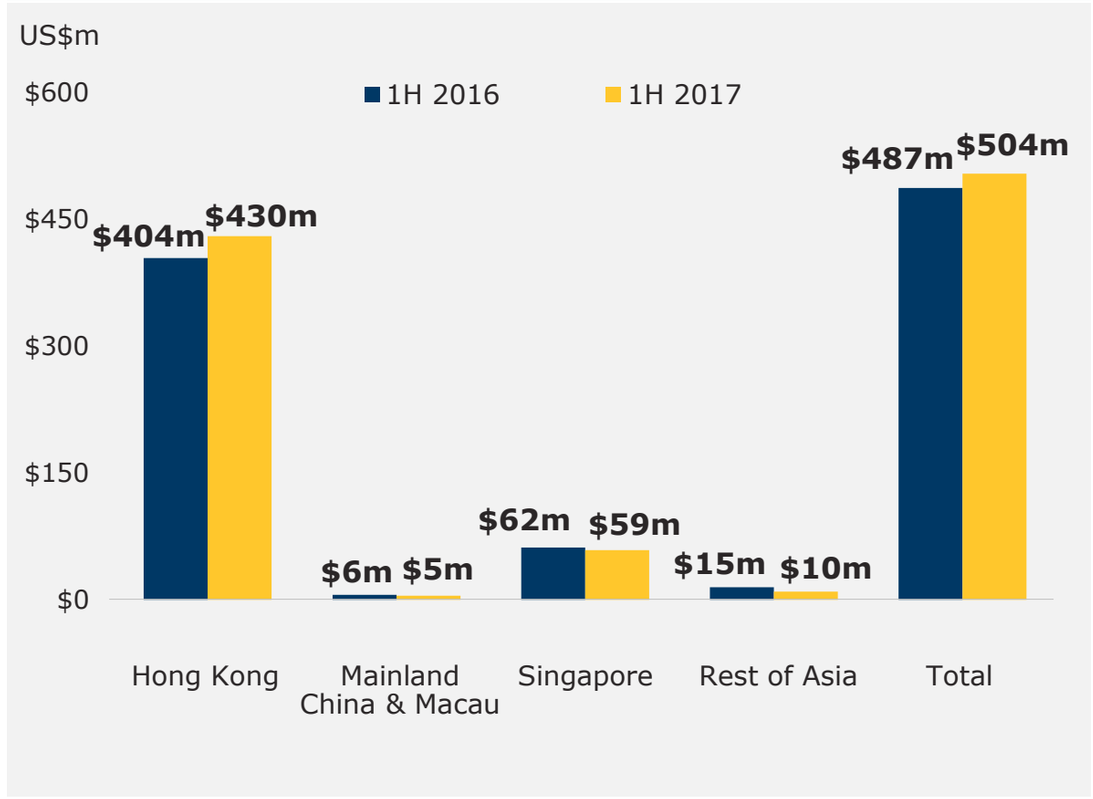


* The above analysis includes share of Joint Ventures & Associates

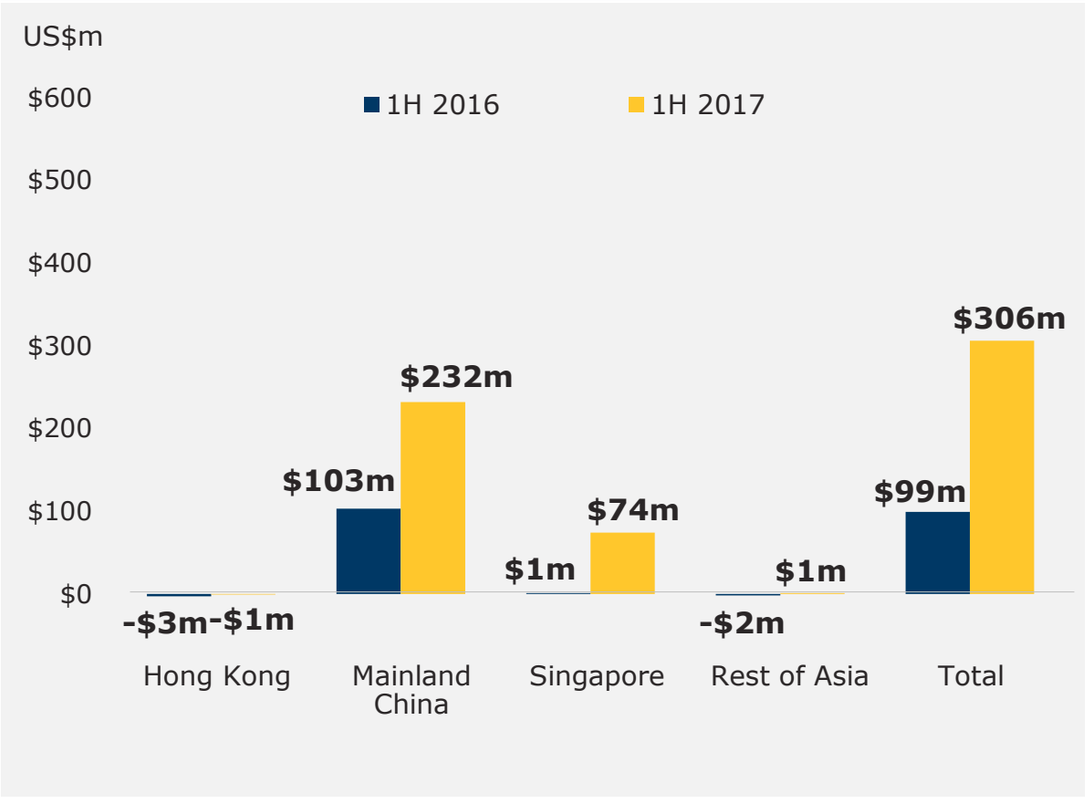
Operating Profit by Segment and Region

Hong Kong and mainland China remain as the largest profit contributors

INVESTMENT PROPERTIES*



DEVELOPMENT PROPERTIES*



* The above analysis includes share of Joint Ventures & Associates

Consolidated Cash Flow

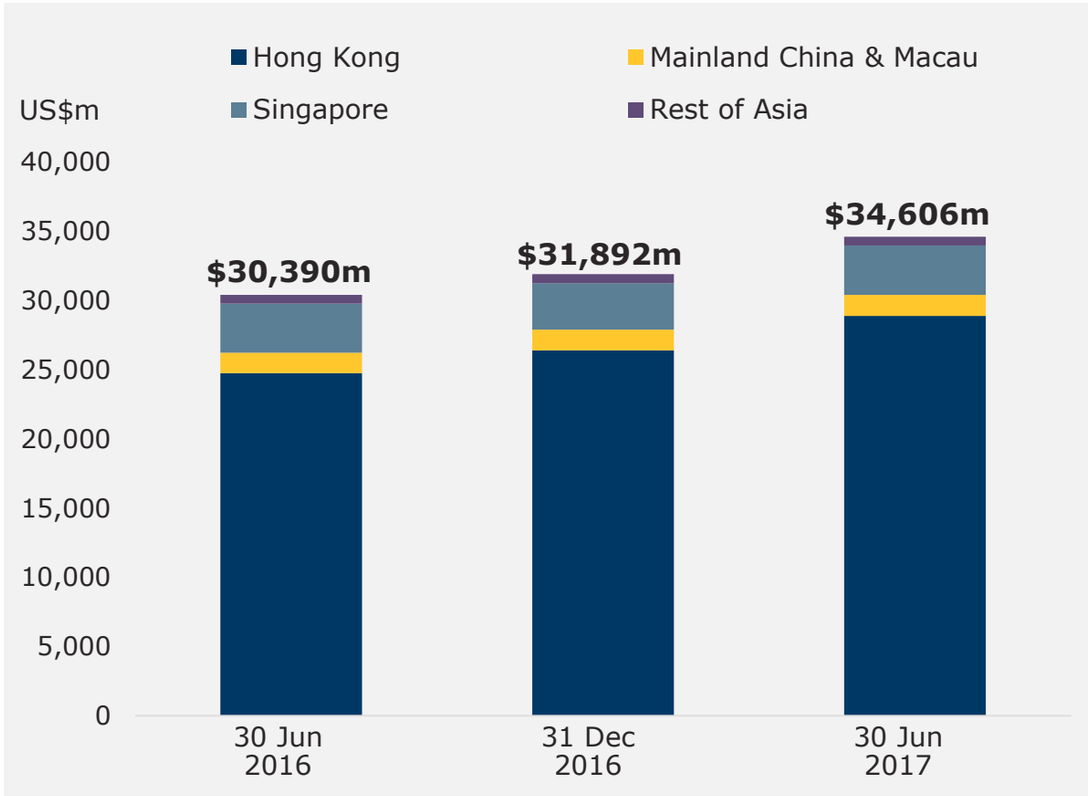
Strong operating cashflows

FY2016	(US$m)	1H 2017	1H 2016	%YoY
1,096	Operating activities	**573**	468	22%
(245)	Investing activities	**(175)**	(81)	116%
(442)	Financing activities	**(433)**	(372)	16%
409	Net cash inflow/(outflow)	**(35)**	15	-333%
1,566	Cash and cash equivalents at beginning of the period	**1,898**	1,566	21%
(77)	Effect of exchange rate changes	**29**	(22)	-232%
1,898	Cash and cash equivalents at end of the period	**1,892**	1,559	21%
(3,906)	Gross debt (excluding bank overdrafts)	**(3,774)**	(3,881)	-3%
(2,008)	Net debt at end of the period	**(1,882)**	(2,322)	-19%

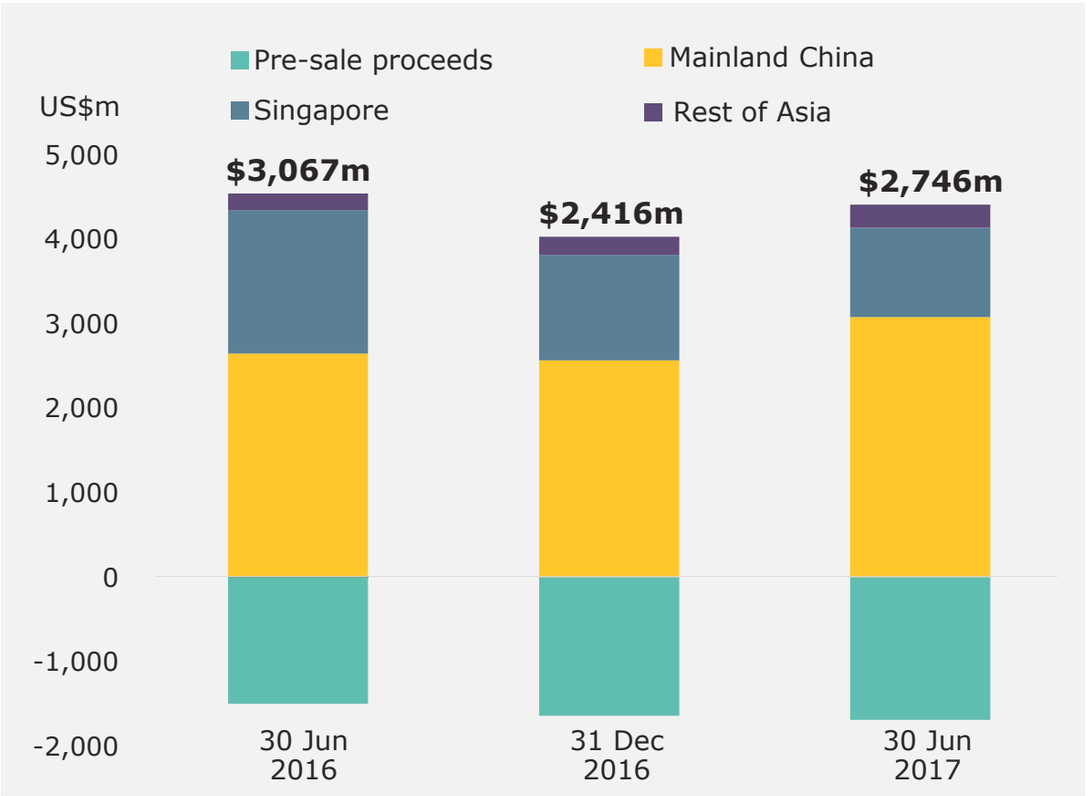
Properties Carrying Values

Cap rate compression and higher market rents in Hong Kong

INVESTMENT PROPERTIES - TOTAL VALUE*



DEVELOPMENT PROPERTIES – NET INVESTMENT*



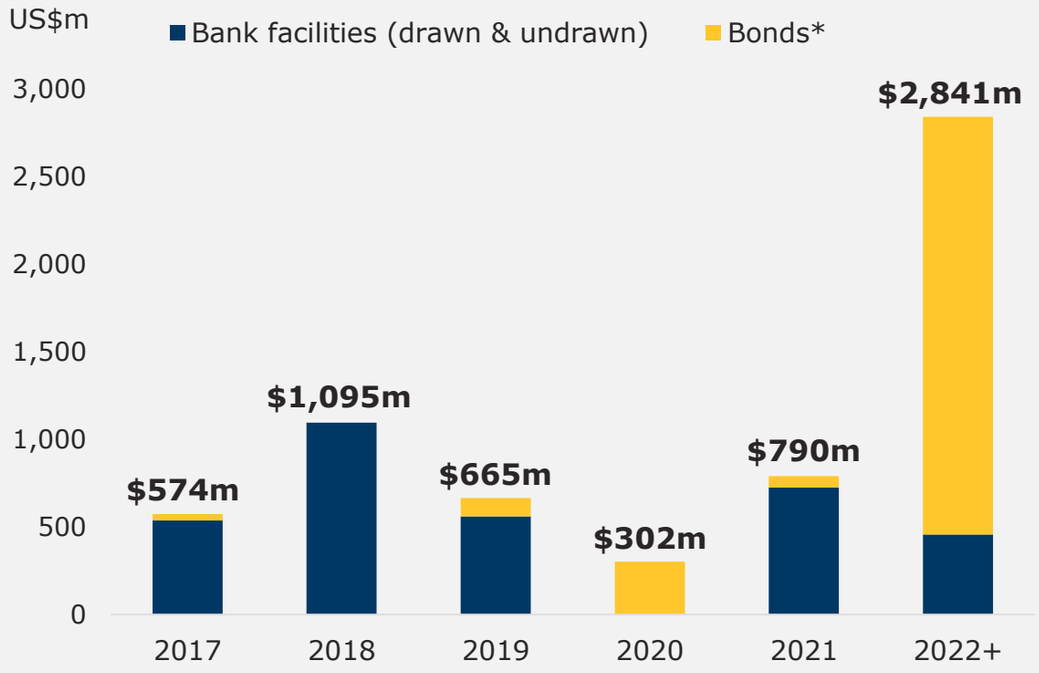
* The above analysis includes share of Joint Ventures & Associates

Treasury Management

Financial position and liquidity remain strong

	31 DEC 2016	30 JUN 2017
Net debt (US$m)	2,008	1,882
Net gearing	6%	5%
Average tenor of debt (years)	6.4	6.1
Average interest cost	3.4%	3.6%
Credit ratings		
- S&P	A	A
- Moody's	A3	A3

MATURITY PROFILE OF COMMITTED FACILITIES / BONDS (AS AT 30 JUN 17)



* Issued under MTN Programme which are at face value

Outlook

Outlook

Solid full year performance expected

INVESTMENT PROPERTIES

- Investment properties are expected to continue to generate stable returns
- Opening of WF Central in Beijing in 2H 2017
- Continue to look for attractive opportunities to construct prime investment properties in key gateway cities in Asia

DEVELOPMENT PROPERTIES

- Strong mainland China contribution expected to continue
- No further sales completions expected in Singapore until 2018
- The Group remains active in seeking development opportunities in mainland China and Southeast Asia

FINANCIAL

- Net gearing expected to increase due to recent investments
- Balance sheet remains strong, with capacity to further invest in new projects
- Maintain disciplined approach to assessing future opportunities

Appendix

Hong Kong Investment Properties Summary

HKL's SHARE ('000 sq. ft NFA)	OFFICE	RETAIL	HOTEL	TOTAL[1]
One Exchange Square	569	49	-	618
Two Exchange Square	505	-	-	505
Three Exchange Square	323	0.2	-	323
The Forum	41	-	-	41
Jardine House	634	45	-	679
Chater House	417	47	-	464
Alexandra House	326	49	-	375
Gloucester Tower	471	-	-	471
Edinburgh Tower	339	-	-	339
The Landmark Mandarin Oriental	-	-	143	143
York House	110	-	-	110
Landmark Atrium	-	256	-	256
Prince's Building	404	144	-	547
Total	4,139	590	143	4,872 [2]

[1] Excluding residential properties in Hong Kong of 71,000 sq. ft.

[2] Equivalent to 453,000 sq. m.

Singapore Investment Properties Summary

HKL's SHARE ('000 sq. ft NFA)	OFFICE	RETAIL	TOTAL
One Raffles Link	243	68	311
One Raffles Quay	443	1	444
MBFC	966	60	1,026
Total	1,652	129	1,781[1]

[1] Equivalent to 165,000 sq. m.

Other Investment Properties Summary

HKL's SHARE ('000 sq. ft NFA)	OFFICE	RETAIL	HOTEL	TOTAL
Macau	-	98	151	249
Jakarta	663	66	-	729
Hanoi	75	8	-	83
Bangkok	27	61	-	88
Phnom Penh	184	89	97	370
Others	70	161	215	446
Total	1,019	483	463	1,965[1]

[1] Equivalent to 182,000 sq. m.

Mainland China Development Properties Summary

PROJECT	INTEREST	YEAR OF ACQUISITION	SITE AREA (ha)	HKL's SHARE			
				DEVELOPABLE AREA (m sq. m.)	CONSTRUCTED (m sq. m.)	UNDER CONSTRUCTION (m sq. m.)	TO BE DEVELOPED (m sq. m.)
Yorkville South, Chongqing	100%	2010	38.6	0.88	0.51	0.16	0.21
Yorkville North, Chongqing	100%	2011	53.8	1.09	0.33	0.20	0.56
Bamboo Grove, Chongqing	50%	2005	77.9	0.72	0.66	0.06	-
New Bamboo Grove, Chongqing	50%	2015	34.8	0.32	-	0.20	0.12
Landmark Riverside, Chongqing	50%	2009	22.2	0.50	0.15	0.14	0.20
Central Avenue, Chongqing	50%	2013	40.2	0.55	0.04	0.16	0.36
WE City, Chengdu	50%	2010	19.0	0.45	0.15	0.12	0.17
Parkville, Shanghai	50%	2015	8.7	0.11	0.02	0.10	-
Wuhan[1]	50%	2017	16.4	0.25	-	-	0.25
Nanjing	33%	2017	19.9	0.07	-	-	0.07
Total			331.6	4.94	1.87	1.13	1.94

[1] Conditionally acquired

Singapore Development Properties Summary

PROJECT	INTEREST	YEAR OF ACQUISITION	SITE AREA (ha)	HKL's SHARE			
				DEVELOPABLE AREA (m sq. m.)	CONSTRUCTED (m sq. m.)	UNDER CONSTRUCTION (m sq. m.)	TO BE DEVELOPED (m sq. m.)
Sol Acres	100%	2014	3.3	0.12	-	0.12	-
Lake Grande	100%	2015	1.8	0.05	-	0.05	-
Margaret Drive	100%	2017	0.5	0.02	-	-	0.02
Eunosville[1]	100%	2017	3.5	0.1	-	-	0.10
Total			9.1	0.29	-	0.17	0.12

[1] Conditionally acquired

Other Development Properties Summary

PROJECT	INTEREST	YEAR OF ACQUISITION	SITE AREA	HKL's SHARE			
				DEVELOPABLE AREA (m sq. m.)	CONSTRUCTED (m sq. m.)	UNDER CONSTRUCTION (m sq. m.)	TO BE DEVELOPED (m sq. m.)
Nava Park, Indonesia	49%	2012	67.5	0.39	0.03	0.03	0.33
Anandamaya Residences, Indonesia	40%	2013	1.4	0.05	-	0.05	-
Asya, Indonesia	25%	2016	67.3	0.23	-	-	0.23
Two Roxas Triangle, the Philippines	40%	1995	0.4	0.04	-	0.04	-
Mandani Bay, the Philippines	40%	2013	19.6	0.48	-	0.03	0.44
Northpine, the Philippines	40%	1996-2016	150.7	0.31	0.16	0.01	0.13
The Nassim, Vietnam	50%	2014	0.6	0.02	-	0.02	-
The Esse at Sukhumvit 36, Thailand	49%	2017	0.4	0.02	-	-	0.02
Total			307.9	1.52	0.19	0.18	1.15

Consolidated Cash Flow - Operating Activities

FY2016	(US$m)	1H 2017	1H 2016	%YoY
971	Operating profit excluding non-trading items	**510**	456	12%
(75)	Net interest paid	**(40)**	(37)	8%
(141)	Tax paid	**(61)**	(50)	22%
(79)	Payments for development properties sites	**(223)**	-	-
(336)	Development expenditure on development properties projects	**(133)**	(169)	-21%
953	Proceeds from development properties sales	**680**	409	66%
88	Dividends received from joint ventures	**29**	30	-3%
(285)	Others	**(189)**	(171)	11%
1,096		**573**	468	22%

Consolidated Balance Sheet

FY2016	(US$m)	1H 2017	1H 2016
	Investment properties		
27,712	- Subsidiaries	**30,360**	26,079
4,180	- Joint ventures	**4,246**	4,311
31,892		**34,606**	30,390
	Development properties		
2,218	- Subsidiaries	**1,972**	2,746
1,835	- Joint ventures	**2,461**	1,818
4,053		**4,433**	4,564
(2,623)	Others	**(2,904)**	(2,858)
33,322	Gross assets (excluding cash)	**36,135**	32,096
	Financed by:		
31,314	- Total equity	**34,253**	29,774
2,008	- Net debt	**1,882**	2,322
33,322		**36,135**	32,096

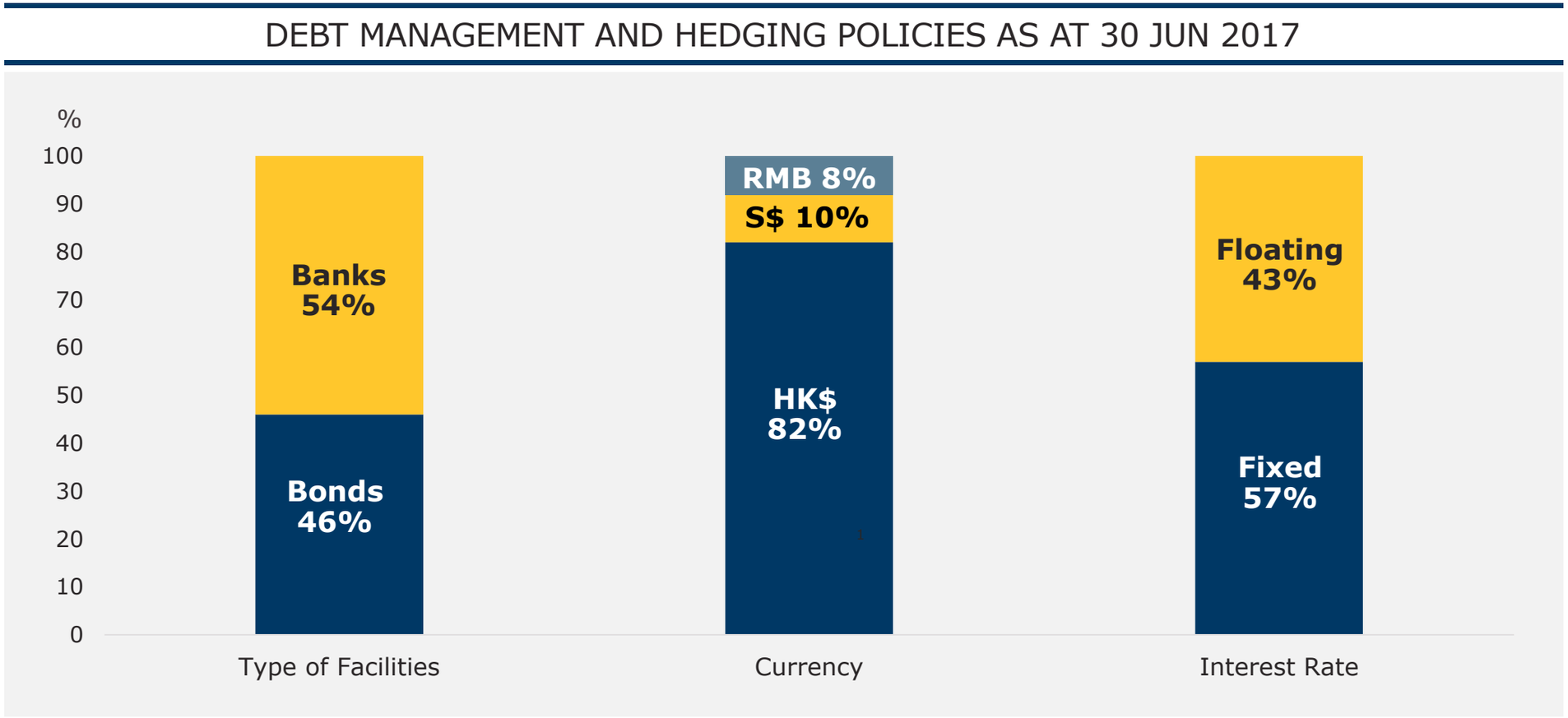
Investment Property – Basis of Valuation

CAPITALISATION RATES			
	1H 2016	2H 2016	1H 2017
Hong Kong Office – Exchange Square 1 & 2	3.60%	3.50%	**3.25%**
Hong Kong Retail – Landmark Atrium	4.50%	4.50%	**4.50%**
Singapore Office – MBFC	3.50%	3.50%	**3.25%**

Treasury Management

		LIQUIDITY AS AT 30 JUN 2017 (All figures in US$ billion)				
	Liquidity as at 31 DEC 2016	HK$[1]	S$[2]	US$	RMB	TOTAL
Committed lines	6.5	4.5	1.3	-	0.5	**6.3**
Gross debt	3.9	3.1	0.4	-	0.3	**3.8**
Available lines	2.6	1.4	0.9	-	0.2	**2.5**
Cash	1.9	-	0.4	0.5	1.0	**1.9**
Available liquidity	4.5	1.4	1.3	0.5	1.2	**4.4**

[1] HK$ debt includes US$ debt swapped into HK$

[2] S$ debt includes HK$ debt swapped into S$

Treasury Management