Hongkong Land

Central value gaining traction

30 July 2026

Company Overview

Hongkong Land is one of Asia's leading property investment, management, and development groups. The Group owns and manages a portfolio of prime and luxury retail properties in key Asian cities, principally in Hong Kong and Singapore. The company secured a mixed-use site in West Bund of Shanghai via a government auction for Rmb31.05bn in Feb-20, which should serve as its key earnings growth in the coming year. In Oct-24, the company unveiled its new corporate strategy, aiming to simplify its business with a focus on investment properties (IP) in Asia's gateway cities. The company expects to expand IP AUM to USD100bn by 2035.

Investment Overview

Premium landlord in Asia's gateway cities. In Oct-24, Hongkong Land unveiled its new corporate strategy, focusing on developing and owning ultra-premium integrated commercial properties in Asia's key gateway cities. Under this strategy, the company targets to expand its investment property assets under management (AUM) to USD100bn by 2035, supported by capital recycling, strategic acquisitions, and the establishment of a fund management platform.

Improving earnings outlook. Leasing momentum in Hong Kong's Central office market has strengthened, driven by robust demand from financial institutions, resulting in a significant narrowing of negative rental reversions across Hongkong Land's Central office portfolio. Meanwhile, earnings contributions from the LANDMARK retail portfolio continue to improve as new Maisons and flagship stores progressively commence operations. The Singapore portfolio remains supported by positive rental reversions, while the China investment property portfolio should contribute a larger share of earnings as recently completed projects mature.

Ongoing share buyback to support the share price. Since launching its share repurchase program in Apr-25, Hongkong Land has bought back a cumulative USD492m of shares. We expect the ongoing buyback to provide continued near-term support for the share price while enhancing shareholder returns.

Maintain BUY with TP of USD9.89. The stock is trading at a 36% discount to our appraised current NAV. Beyond the ongoing share buyback, continued capital recycling should remain a key catalyst for share price performance. Based on a 25% target discount to our Jun-27 NAV estimate, we maintain our BUY rating with TP of USD9.89.

Risks

Failure to successfully execute its new corporate strategy could dampen the company's growth outlook and negatively impact its share price performance. Any further deterioration in leasing demand for office properties in Central could drag earnings and valuation.

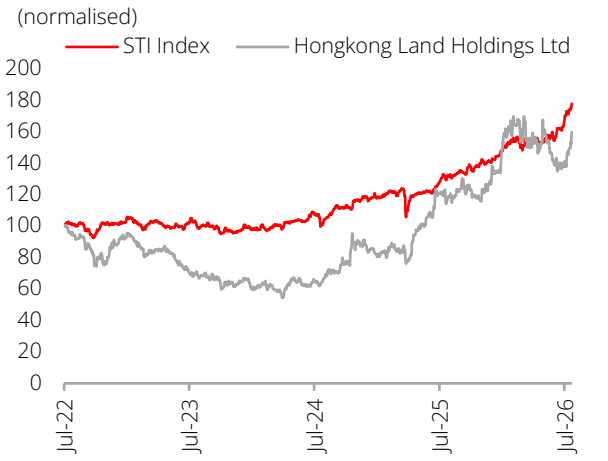
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Key Financial Data

Bloomberg Ticker	HKL SP
Sector	Real Estate Management & Development
Share Price (HKD)	8.29
DBS Rating	BUY
12-mth Target Price (HKD)	9.89
Market Cap (USDbn)	17.74
Volume (mn shares)	2.74
Free float (%)	na
Dividend yield (%)	3.02
Net Debt/Equity (%)	na
Fwd. P/E (x)	33.53
P/Book (x)	0.59
ROE (%)	1.52

Closing Price as of 29 Jul 2026
Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance



Source: S&P

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Financial Summary (USDmn)

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	1,844	2,002	1,448	1,069	1,118
% y/y	*(17.8)*	*8.6*	*(27.7)*	*(26.2)*	*4.6*
Gross Profit	914.1	745.0	494.8	791.7	826.4
% y/y	*(10.4)*	*(18.5)*	*(33.6)*	*60.0*	*4.4*
EBITDA	810.8	596.9	392.6	626.8	672.5
% y/y	*(6.1)*	*(26.4)*	*(34.2)*	*59.7*	*7.3*
Net Profit (Loss)	734.2	409.6	460.5	502.8	546.0
% y/y	*(5.4)*	*(44.2)*	*12.4*	*9.2*	*8.6*
FCF	988.9	817.9	702.3	429.8	725.5
% y/y	*0.6*	*(17.3)*	*(14.1)*	*(38.8)*	*68.8*
CAPEX	(116.2)	(49.2)	743.7	790.0	(200.0)
% y/y	*6.5*	*(57.7)*	*(1,611.6)*	*6.2*	*(125.3)*
EBITDA Margin (%)	44.0	29.8	27.1	58.6	60.1
Net Margin (%)	39.8	20.5	31.8	47.0	48.8
ROA (%)	1.7	1.0	1.2	1.2	1.3
ROE (%)	2.2	1.3	1.5	1.6	1.7
Tax Rate (%)	12.7	22.6	13.9	16.4	16.4

Source: DBS

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
PE (x)	23.8	42.5	37.4	33.6	30.8
P/B (x)	0.5	0.6	0.6	0.5	0.5
Dividend Yield (%)	2.8	2.9	3.2	3.4	3.5
EV/EBITDA (x)	28.1	37.7	52.1	32.4	30.4
FCF Yield (%)	4.3	3.6	3.4	2.1	3.6
Net DPS (USD)	0.2	0.2	0.2	0.3	0.3
BV Per Share (USD)	14.4	13.6	14.1	14.9	15.4

Source: DBS

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (x)	0.2	0.2	0.2	0.2	0.2
Net Debt / Equity (x)	0.2	0.2	0.1	0.1	0.1
Debt / Assets (x)	0.2	0.2	0.2	0.1	0.1

Source: DBS

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Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions

S.No.	Date	Closing Price	Target Price	Rating
1	30-Jul-25	USD6.39	USD7.20	BUY
2	19-Sep-25	USD6.65	USD7.60	BUY
3	21-Nov-25	USD6.30	USD7.70	BUY
4	4-Feb-26	USD8.67	USD10.13	BUY
5	6-Mar-26	USD8.15	USD10.17	BUY
6	29-Jul-26	USD7.89	USD9.89	BUY

Source: DBS

Analysts: Jeff YAU
Percy LEUNG

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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