

Lease on tycoons' retreat is just HK\$324 a year

Hong Kong Club hits HK\$60m rental gold

Vivian Kwok

Within the exclusive portals of Hong Kong's poshest private club, the future looks rosy.

Having resumed full ownership of its premises in Central in the middle of last year, the Hong Kong Club is looking forward to rental income of at least HK\$60 million from this financial year on.

Even better, it pays government land rent of just HK\$324 a year, thanks to a 999-year lease inked in February 1895, after the club was formed by eight taipans in 1846.

A few blocks away in Harcourt Road, Wan Chai, the Hong Kong Red Cross pays HK\$1,370 for its Anne Black headquarters, while the Chinese Anglican Church is charged HK\$1,000 for its St James' Settlement Multi-Service Community Centre in Stone Nullah Lane.

Many of the tycoons who enjoy the Hong Kong Club's exclusive facilities would probably welcome such a

People are willing to pay millions [to join] as most of these private clubs no longer recruit new members

Athena Wong, of Everfine Membership Services Ltd



deal for their own businesses. In addition, the club paid no premium for the land from which it will now reap tens of millions of dollars a year.

Under a 1983 deal, Hong Kong Land redeveloped the prime site next to Statue Square and opposite the Legislative Council building into a 24-floor tower.

It took rental income for 25 years from all but four podium floors reserved by the club for bars, restaurants, a fitness centre with two squash courts, a billiard room and four bowling alleys. The club also took a small portion of rental income from the higher floors.

Since the arrangement ended last year the club has signed several new tenancy agreements with regional and Wall Street investment bankers such as Davis Polk, which moved into room 1904 for HK\$185,570 a month, and Somerley Ltd, which took up the 10th floor for three years to September 2012 for HK\$590,784 a month.

"The budgeted rental for [2009] is

HK\$61.9 million, up from HK\$28.2 million in 2008," the club wrote in its latest annual report.

Publicly, it has nothing further to say about its low land rent and rising rental income. Responding to inquiries it said: "As we are a private club, we thus have no comment on the subject."

The redevelopment plans took shape while Hong Kong's future was being negotiated between premier Zhao Ziyang and British prime minister Margaret Thatcher.

There was intense debate in the club and among the public about whether the old building should be torn down. Preservationists led by the Heritage Society proposed saving the 80-year-old Victorian structure, while the club management expressed concerns about potential fire and structural hazards in the largely-timber building. It prevailed.

The club's membership list, which reads like a Who's Who of the

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