Hongkong Land Holdings Limited

Announcement

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

HONGKONG LAND HOLDINGS LIMITED
Interim Management Statement

10th November 2022 – Hongkong Land Holdings Limited today issues an Interim Management Statement for the third quarter of 2022.

The Group's underlying profit in the third quarter was lower than the same period in 2021. Trading continued to be affected by anti-pandemic measures taken across China, with contracted sales in the Development Properties business particularly impacted. The contribution from Investment Properties was broadly unchanged compared to the same period last year.

In Hong Kong, the Group's Central office portfolio benefitted from its unique positioning, despite an increase in vacancies across the city in the period. Physical vacancy at 30th September 2022 decreased to 5.1%, compared to 5.4% at the end of June 2022. On a committed basis, vacancy was 4.8%. Vacancy for the overall Central Grade A office market was 8.3% at the end of September 2022. Rental reversions continued to be negative in the period, at a level largely in line with the first half of the year. Leasing activity has softened in recent months compared to the first half of 2022, due to global economic headwinds, although the Group has already secured new leases for almost all tenancies expiring in the remainder of the year.

The Group's LANDMARK retail portfolio in Hong Kong benefitted from marginally better trading conditions in the third quarter of the year, due to a relaxation of social distancing restrictions in the city. This resulted in a decline in temporary rent relief in the period, although the Group continued to provide support to its tenants on a case-by-case basis. Overall performance, however, continues to be negatively impacted by a lack of overseas visitors. Tenant sales were lower than in the same period in 2021. Physical and committed vacancy at 30th September 2022 remained low at 1.4%.

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Leasing sentiment in the Group's office portfolio in Singapore remained healthy, despite a more challenging global economic outlook. Rental reversions were positive in the period. Physical vacancy decreased to 4.0% at 30th September 2022, from 4.7% at the end of June 2022. On a committed basis, vacancy was 0.7%.

In Development Properties, market sentiment in respect of residential properties on the Chinese mainland remained weak, due to pandemic-related restrictions and an uncertain economic outlook. The Group's attributable interest in contracted sales was US$346 million in the third quarter, compared to US$258 million in the equivalent period in 2021, mainly due to the timing of sales launches. In the nine months to 30th September 2022, the Group's attributable interest in contracted sales was US$765 million, compared to US$1,618 million in the same period last year.

In Singapore, residential market sentiment remained stable, as sales performance at the Group's existing projects continued to be satisfactory. In October 2022, the Group launched Copen Grand, a 639-unit executive condominium in the Tengah region, which was 73% sold on its launch weekend. The Group's attributable interest in contracted sales in the city was US$56 million in the period, compared to US$88 million in the equivalent period in 2021. In the nine months to 30th September 2022, the Group's attributable interest in contracted sales was US$326 million, compared to US$260 million in the same period last year. It is too early to assess the impact of the cooling measures introduced in September 2022.

In August 2022, the Group secured a joint venture project in Suzhou to develop and operate a commercial mixed-used site, consisting of a luxury mall and a hotel. The total developable area of the site is 132,600 sq. m. and it is expected to be completed in 2026.

The Group's full year underlying profits are expected to be significantly lower than the prior year, primarily due to a lower number of planned sales completions and the impact of pandemic-related restrictions on construction activities on the Chinese mainland, which will result in some completions being deferred from the second half of 2022 into 2023.

The Group's financial position remains strong. Net debt at 30th September 2022 decreased to US$5.8 billion from US$6.1 billion at the end of June 2022. Committed liquidity was US$2.9 billion, compared to US$2.6 billion at the end of June 2022. 55% of the Group's interest rate on debt is at fixed rates.

Hongkong Land is a major listed property investment, management and development group. The Group owns and manages more than 850,000 sq. m. of prime office and luxury retail property in key Asian cities, principally Hong Kong, Singapore, Beijing and Jakarta. The Group also has a number of high-quality residential, commercial, and mixed-use projects under development in cities across China and Southeast Asia, including a 43% interest in a 1.1 million sq. m. mixed-use project in West Bund, Shanghai. Its subsidiary, MCL Land, is a well-established residential developer in Singapore. Hongkong Land Holdings Limited is incorporated in Bermuda and has a primary listing in the standard segment of 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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For further information, please contact:

Hongkong Land Limited
Mark Lam (852) 2842 8211
Gary Leung (852) 2842 0601

Brunswick Group Limited
Nan Dong (852) 9768 8379

This and other Group announcements can be accessed through the Internet at 'www.hkland.com'.