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

18th May 2023 – Hongkong Land Holdings Limited today issues its Interim Management Statement for the first quarter of 2023.

The Group's underlying profit in the first quarter was lower than the same period in 2022. There was a reduced contribution from the Development Properties business, due to fewer planned sales completions on the Chinese mainland. The contribution from Investment Properties was marginally above the same period last year, with improved performance from the retail segment, partly offset by lower contributions from the Hong Kong office portfolio.

In Hong Kong, sentiment has improved in both the office and retail sectors as a result of the lifting of travel restrictions and a recovering local economy.

The Group's Central office portfolio continued to deliver a solid performance, despite competitive market conditions. Physical vacancy increased to 6.3% at the end of March 2023, compared to 4.9% at the end of 2022. On a committed basis, vacancy was 5.8%. By comparison, vacancy for the overall Central Grade A office market was 9.0%. Rental reversions continued to be negative in the period. Leasing activity has improved in recent months, with a meaningful increase in enquiries in the first quarter compared to both the last quarter and the same period last year. Headwinds in global financial markets, however, have dampened incremental office demand from the financial services sector.

Trading at the LANDMARK retail portfolio in Hong Kong benefitted from increased numbers of visitors. This led to a significant rebound in tenants sales compared to the same period last year, when sales were severely impacted by the fifth wave of COVID.

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The strong recovery also resulted in tenant sales being only marginally lower than pre-COVID levels. Physical and committed vacancy at 31st March 2023 remained low at 0.5%.

Tenant sales and footfall at the Group's CENTRAL series luxury retail malls in Beijing and Macau also experienced a strong recovery compared to the same period in 2022, due to the lifting of anti-pandemic restrictions.

Rental reversions in the Group's Singapore office portfolio continue to be positive, although reversions are likely to moderate during the remainder of the year, as caution increases amidst uncertainties in the global technology and banking sectors. Physical vacancy decreased to 4.6% at 31st March 2023 from 7.5% at the end of December 2022. On a committed basis, vacancy decreased further to 1.7%, compared with 2.2% at the end of 2022.

In Development Properties, the first quarter saw a modest recovery in market sentiment for residential properties on the Chinese mainland, underpinned by government policy support. The Group's attributable interest in contracted sales was US$408 million in the period, compared to US$213 million in the first quarter of 2022, mainly due to more planned sales launches. Sales activity has continued to recover during April. Overall, planned sales completions for 2023 are expected to be higher than the prior year.

In March, the Group acquired a further 15% interest in the Nanjing Yue City Project from Country Garden. As a result, the Group's interest in this project is now 48%.

In Singapore, residential market sentiment and demand remained healthy. In April, the Group commenced sales for the 638-unit Tembusu Grand, of which 53% was sold on its launch weekend. The Group's attributable interest in contracted sales in the city was US$171 million in the period, compared to US$45 million in the equivalent period in 2022. It is too early to assess the impact of the increase in additional buyer's stamp duty introduced in late April 2023, specifically targeted at tempering demand from foreign investors.

The Group's financial position remains strong. Net debt at 31st March 2023 decreased to US$5.2 billion, from US$5.8 billion at the end of 2022. Committed liquidity was US$3.6 billion, compared to US$3.1 billion at the end of 2022. 54% of the Group's debt interest is at fixed rates. During the quarter, the Group continued to invest in its share buyback programme. As at 30th April 2023, the total amount invested in the buyback programme since it was first announced was US$598 million.

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 assets in key Asian cities, principally Hong Kong, Singapore, Beijing and Jakarta. Its properties hold industry leading green building certifications and attract the world's foremost companies and luxury brands. 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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This and other Group announcements can be accessed online at 'www.hkland.com'.