

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

9th November 2023 – Hongkong Land Holdings Limited today issues an Interim Management Statement for the third quarter of 2023.

Overall, the Group's underlying profit in the third quarter was lower than in the same period in 2022. Total contributions from Investment Properties were broadly in line with the same period last year, with higher contributions from the Group's luxury retail portfolio and Singapore office largely offsetting lower contributions from the Hong Kong office portfolio. There were lower contributions from Development Properties, due to the timing of planned sales completions. Net financing charges were higher as a result of an increase in interest costs.

The Group's Central office portfolio in Hong Kong continued to outperform the overall market despite difficult macroeconomic conditions. Physical vacancy at 30th September 2023 was 7.3%, compared to 6.9% at the end of June 2023. On a committed basis, vacancy was 6.8%, compared to 6.2% at the end of June 2023. Overall Central Grade A office market vacancy was 9.7% at the end of September 2023. Rental reversions continued to be negative, whilst leasing activity softened further compared to the first half of the year, as rising interest rates and subdued capital market activity in Hong Kong negatively impacted office demand.

The Group's LANDMARK retail portfolio in Hong Kong delivered an improved performance compared to the prior year, extending its positive momentum from the first half of the year. Flagship tenants' sales have largely returned to pre-pandemic levels. Vacancy at 30th September 2023 remained low at 1.7%.

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The Group's CENTRAL series luxury malls in Beijing and Macau delivered positive results on the back of the continued recovery in tenant sales and footfall, with improved performance compared to the same period in 2022, which was impacted by anti-pandemic restrictions.

In Singapore, office rental reversions remained positive during the period. Leasing momentum has slowed considerably as tenants adopt a cautious approach in an uncertain macro environment, although the market position of the Group's office portfolio remains strong. Physical vacancy was 2.1% at 30th September 2023, unchanged compared to the end of June 2023. On a committed basis, vacancy was 0.8%, compared to 1.0% at the end of June 2023.

In Development Properties, market sentiment for residential properties on the Chinese mainland remained weak despite mild improvements in top-tier cities following government policy support during the third quarter. The Group's attributable interest in contracted sales was US\$186 million in the third quarter, compared to US\$346 million in the equivalent period in 2022, due to a combination of fewer planned sales launches and slower sales. In the nine months to 30th September 2023, the Group's attributable interest in contracted sales on the Chinese mainland was US\$931 million, compared to US\$765 million in the same period last year. Overall, planned sales completions for 2023 are expected to be lower than the prior year.

In July, the Group secured a 40% interest in the development of a mixed-used site in the Guanyinqiao area in Chongqing, with a total developable area of approximately 301,000 sq. m. The site is adjacent to the Group's another project currently under development.

In September, the Group completed the acquisition of a 20% interest in the development of a mixed-use site in Beijing, consisting of commercial and residential components. The total developable area of the site is approximately 191,000 sq. m.

In Singapore, residential demand remained stable, enabling a satisfactory sales performance by the Group's four residential projects. The Group's attributable interest in contracted sales in the city was US\$59 million in the third quarter, compared to US\$56 million in the equivalent period in 2022. In the nine months to 30th September 2023, the Group's attributable interest in contracted sales in Singapore was US\$546 million, compared to US\$326 million in the same period last year.

In November, the Group secured, subject to final award, two residential sites in Singapore, both in the Outside Central Region of Singapore. These sites will be developed in joint ventures with other developers. The Group's effective interest in these projects equates to a developable area of 541,000 sq. ft.

The Group's financial position remains strong. Net debt at 30th September 2023 decreased to US\$5.4 billion from US\$5.5 billion at the end of June 2023. Committed liquidity was US\$3.9 billion, compared to US\$3.3 billion at the end of June 2023. 60% of the Group's debt is at fixed interest rates.

The Group's full-year underlying profits are now expected to be moderately below the prior year. This is primarily due to a change in the timing of residential sales completions at West Bund, Shanghai, which will result in the profits from this part of the project moving to the first half of 2024, and write-downs in the investment value of two residential projects in Wuhan due to weaker than expected local market conditions.

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 through the Internet at 'www.hkland.com'.