

*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**

28th April 2020 – Hongkong Land Holdings Limited has today issued an Interim Management Statement for the first quarter of 2020.

The Group's performance in the period was negatively impacted by the COVID-19 pandemic and the measures taken to control it, particularly in relation to contracted sales in the Development Properties business, and retail rent in the Investment Properties business, while the Group's overall financial position remained strong.

It is too early to forecast with accuracy the impact of COVID-19 on the business, although it is evident that the Group's full year performance will be impacted by a delay in the timing of profit recognition in respect of Development Properties on the Chinese Mainland primarily due to construction delays, and a reduced contribution from the Group's retail Investment Properties portfolio due to the provision of temporary rent relief.

The Group's financial position remains strong, with sufficient liquidity to fund its ongoing commitments, including land payments for its recently secured project in the West Bund area of Shanghai. Net debt at 31st March 2019 was US\$3.9 billion, US\$263 million higher than the position at the end of 2019. Net debt is expected to increase as committed land and other payments are made. Committed liquidity after taking into account the West Bund land payment is estimated to be approximately US\$2.0 billion, compared to US\$3.2 billion at the end of 2019.

The wellbeing of our employees, tenants and customers is a top priority and we have taken a number of actions to mitigate the impact of the pandemic, including the adoption of a range of health and safety measures at the Group's properties.

During these difficult times, the ongoing dedication and commitment of our colleagues across the Group have been instrumental in safeguarding the wellbeing of our tenants and customers. We are grateful for their resilience and professionalism.

In Investment Properties, there was a stable contribution in the quarter from the office portfolio. The Hong Kong office leasing market has, however, become subdued, with few enquiries since the end of January. Vacancy increased to 4.3% at 31st March 2020, compared to 2.9% at 31st December 2019. On a committed basis, vacancy was 3.7%. The Group's Central retail portfolio saw vacancy increase to 1.4%, compared to 0.3% at the end of 2019. On a committed basis, vacancy was also 1.4%. Retail sentiment has deteriorated further and the Hong Kong government's various anti-pandemic measures have impacted our tenants to varying degrees, with a small number being required to temporarily close. As a result, the Group continues to provide temporary rent relief to support its retail tenants.

Rental reversions in the Group's Singapore office portfolio continue to be positive, although reversions will likely moderate during the remainder of the year. Vacancy increased to 5.5% at the end of March, compared with 5.0% at 31st December 2019. On a committed basis, vacancy remained low at 1.0%.

In Beijing, WF CENTRAL experienced a significant decline in tenant sales and footfall during the period, and has provided rent relief to tenants. In recent weeks, there has been an improvement in trading.

In Development Properties, on the Chinese Mainland the Group's sales offices were closed and construction activities were all suspended for some two months as a result of the impact of the pandemic, but operations have since resumed. In the first quarter, the Group's attributable interest in contracted sales on the Chinese Mainland was US\$107 million, compared to US\$193 million in the equivalent period in 2019. Sales activity has continued to recover during April, although it has not yet normalised.

In Singapore, the Group's attributable interest in contracted sales was US\$170 million in the quarter, compared to US\$116 million in the equivalent period in 2019. Market sentiment has since become more cautious and construction activities have had to be suspended temporarily by government measures to contain COVID-19. Contracted sales levels at the Group's projects in the rest of Southeast Asia have also been adversely impacted by subdued demand in the period.

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 in 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 Greater China and Southeast Asia. In Singapore, its subsidiary, MCL Land, is a well-established residential developer. Hongkong Land Holdings Limited is incorporated in Bermuda and has a standard listing on 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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