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

19th May 2022 – Hongkong Land Holdings Limited today issues an Interim Management Statement for the first quarter of 2022.

The Group's underlying profit in the period was higher than the first quarter of 2021, principally due to a higher number of Development Properties completions on the Chinese mainland, while the contribution from Investment Properties was broadly unchanged.

In Hong Kong, the increase in office leasing activity which was seen since the second half of 2021 was reversed upon the onset of the fifth wave of the pandemic. There have, however, been signs of a recovery in leasing activity since the partial easing of anti-pandemic measures in late April. Physical vacancy at 31st March 2022 was 5.6%, compared to 5.2% at the end of 2021. On a committed basis, vacancy was 5.0%, up slightly from 4.9% at the end of last year. Rental reversions continued to be negative in the period.

The Group's LANDMARK retail portfolio in Hong Kong continued to be negatively affected by a lack of overseas visitors. Tenant sales were lower than in the same period that of 2021, as footfall was significantly impacted by social distancing measures, which also restricted the operating capacity of F&B outlets. As previously announced, the Group is providing temporary rent relief to support selected tenants in the first half of 2022, including full waivers of rents for a small number of tenants which have been subject to mandatory closure of their businesses and turnover-only rents for F&B tenants. Physical and committed vacancy at 31st March 2022 remained low at 0.4% and 0.3%, respectively.

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The Group's office portfolio in Singapore saw a recovery in leasing sentiment, in part as a result of the gradual easing of travel restrictions. Rental reversions were positive in the period. Physical vacancy decreased to 5.6% at 31st March 2022 from 6.5% at the end of 2021. On a committed basis, vacancy was 3.1%, compared to 2.9% at the end of 2021.

In Development Properties, market sentiment on the Chinese mainland for residential properties remained cautious, despite the gradual relaxation of cooling measures in a number of the Group's key markets. The Group's attributable interest in contracted sales was US$213 million in the first quarter, compared to US$410 million in the equivalent period in 2021.

In Singapore, residential market demand remained satisfactory despite the introduction of cooling measures in late 2021. The 407-unit Piccadilly Grand project, launched for sale in May 2022, has been well-received by the market, whilst pre-sales at the 638-unit Leedon Green project are performing within expectations. The Group's attributable interest in contracted sales was US$45 million in the first quarter, compared to US$89 million in the equivalent period in 2021, due to the timing of sales launches.

In February, the Group acquired a 49% interest in a residential site in the Tanjong Katong area in Singapore with a developable area of 590,000 sq. ft., which is expected to yield a total of 640 units for sale.

As previously announced, the Group's underlying profits for 2022 are expected to be lower compared to the prior year, primarily due to the timing of sales completions on the Chinese mainland. In addition, the recent emergence of COVID cases and related restrictions in certain parts of the Chinese mainland have partially curtailed some of the Group's sales and development activities. It is too early to forecast with accuracy the impact these restrictions may have on the Group's full-year results, which will depend on the degree to which mandatory restrictions remain in place for an extended period and the extent to which construction progress on development properties are impacted.

The Group's financial position remains strong. Net debt at 31st March 2022 increased to US$5.5 billion from US$5.1 billion at the end of 2021, primarily due to the scheduled payments for development sites acquired in the past six months. Committed liquidity was US$3.8 billion.

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