

## **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**

14 November 2024 – Hongkong Land Holdings Limited today issues an Interim Management Statement for the third quarter of 2024.

#### **Strategy Update**

In October, the Group announced a new strategic direction, with the aim of becoming a leading real estate business in Asia's gateway cities focussed on ultra-premium integrated commercial properties. Our priority is to simplify the business with a focus on Investment Properties, generating growth in long-term recurring income. As a result, we will no longer invest in the build-to-sell segment, but will instead actively recycle capital out from this business segment.

This strategy, in time, will enable the Group to focus on a smaller number of projects consistent with HKL's brand name and reputation. To achieve this, clear long-term growth objectives and targets have been set to deliver enhanced shareholder value.

#### **Overall Results**

The Group's underlying profit in the period was higher than the third quarter of 2023, principally due to more build-to-sell completions on the Chinese mainland. Total contributions from Investment Properties were slightly lower than the same period last year, due to lower contributions from the Hong Kong CENTRAL portfolio. This is partly offset by actions to manage costs and further strengthen our financial position.

The Group's financial position remains strong. Net debt at 30 September 2024 decreased to US\$5.3 billion from US\$5.4 billion at the end of June 2024, with gearing at 17%. Committed liquidity was US\$3.2 billion, compared to US\$3.0 billion at the end of June 2024. 67% of the Group's debt is at fixed interest rates.

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### **Investment Properties**

In Hong Kong, flight-to-quality demand underpins the continued outperformance of the Group's Central office portfolio compared to the overall market. On a committed basis, vacancy was 7.6% at the end of September 2024, compared to 12.2% for the overall Central district Grade A office market. Physical vacancy was 9.0%, due to the timing of planned tenant movements. Rental reversions remained negative during the period, although office enquiries have increased slightly.

Contributions from the Group's LANDMARK retail portfolio in Hong Kong were lower in the third quarter of 2024 compared to the same period last year as well as the first six months of 2024, impacted by planned tenant movements as part of the Tomorrow's CENTRAL transformation and a general weaker market overall. LANDMARK VIP sales in the third quarter in 2024 remained strong, demonstrating the resilient spending of our core customers. Vacancy at 30 September 2023 remained low at 1.9%.

Tenant sales at WF CENTRAL in Beijing were resilient during the period as a result of tenant mix optimisation, amidst challenging market conditions. Contributions from One CENTRAL Macau were lower during the period, due to a combination of lower tenant sales and ongoing renovation works.

In Singapore, the Group's office portfolio remained effectively fully occupied, with positive rental reversions during the period. Leasing momentum has been resilient despite an uncertain business environment, underpinned by flight-to-quality demand. Physical vacancy was 1.5% at 30 September 2024, down from 2.6% at the end of June 2024. On a committed basis, vacancy was 1.3%.

### **Build-to-Sell**

The Group continues to focus on completing the construction of all committed projects, with inventory levels reducing as sales complete over the coming years. No new standalone build-to-sell projects will be pursued, as the Group focusses exclusively on ultra-premium integrated commercial property opportunities.

Market sentiment for residential properties on the Chinese mainland showed improvement following recently announced policy support measures, with contracted sales during the October golden week tripling compared to prior weeks. The Group's attributable interest in contracted sales was US\$169 million in the third quarter, compared to US\$186 million in the same period in 2023. In the nine months to 30 September 2024, the Group's attributable interest in contracted sales was US\$1,007 million, compared to US\$931 million

in the same period last year, primarily driven by sale proceeds from the residential units at West Bund. Overall, planned completions and profitability for 2024 are expected to be significantly higher than the prior year.

In Singapore, the Group's attributable interest in contracted sales was US\$60 million in the third quarter, comparable to the equivalent period in 2023. In the nine months to 30 September 2024, the Group's attributable interest in contracted sales was US\$85 million, compared to US\$546 million in the same period last year, primarily due to limited inventory for sale. A new project received promising feedback during the sales preview ahead of its launch in mid-November, whilst a second project is due to launch for sale in the first quarter of 2025.

As announced at the Group's interim results briefing in July 2024, full-year 2024 underlying profits will be significantly lower than the prior year, primarily due to the impact of the US\$295 million non-cash provisions in the Group's China build-to-sell business, which were already recognised in the first half of the year.

Hongkong Land is a major listed property investment, management and development group. The Group focusses on developing, owning and managing ultra-premium mixed-use real estate in Asian gateway cities, featuring Grade A office, luxury retail, residential and hospitality products. Its mixed-use real estate footprint spans more than 850,000 sq. m., with flagship projects in Hong Kong, Singapore and Shanghai. The Group's properties hold industry leading green building certifications and attract the world's foremost companies and luxury brands. Its Hong Kong Central portfolio represents some 450,000 sq. m. of prime property. The Group has a further 165,000 sq. m. of prestigious office space in Singapore, mainly held through joint ventures and five retail centres on the Chinese mainland, including a luxury retail centre at Wangfujing in Beijing. In Shanghai, the Group owns a 43% interest in a 1.1 million sq. m. mixed-use project in West Bund, which is due to complete in 2028. 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. 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](http://www.hkland.com)'.