Financial Review

Results

Underlying Business Performance

	2025 US$m	2024 US$m
Prime Properties Investment	**859**	940
Corporate costs	**(76)**	(77)
Underlying operating profit	**783**	863
Net financing charges	**(220)**	(253)
Tax	**(102)**	(108)
Non-controlling interests	**(3)**	(3)
Underlying profit attributable to shareholders	**458**	499
Non-trading items: Build-to-sell	**(245)**	(89)
Other non-trading items	**1,050**	(1,795)
Profit/(loss) attributable to shareholders	**1,263**	(1,385)
	US¢	US¢
Underlying earnings per share	**20.98**	22.60
Results per share including build-to-sell*	**26.78**	32.81
Adjusted free cash flow per share	**37.08**	36.62

* Represents earnings contributions from prime properties investment and build-to-sell segments, excluding Chinese mainland inventory provisions.

Underlying business performance summarised in the table includes the Group's operating profit from its associates and joint ventures. Given the significance of the contribution from the Group's joint ventures, this provides a clearer summary of the Group's performance during the year.

Accounting Policies

The Directors continue to review the appropriateness of accounting policies adopted by the Group, including the latest developments in IFRS Accounting Standards. In 2025, following the strategic shift in the business direction to wind down the build-to-sell segment, certain operations and assets within this segment have been identified as non-strategic, while others have been reallocated to the Prime Properties Investment segment. The profit and loss from these non-strategic businesses are thereby separated from the principal business performance and presented within non-trading items. The distinction aims to provide a clearer understanding of the Group's underlying performance of its principal operations. This change has been accounted for retrospectively with comparative information re-presented.

The Group's operating profit from the Prime Properties Investment segment was US$859 million, 9% lower than the previous year, primarily due to lower contributions from the Hong Kong Central office and retail portfolio (down 10% to US$632 million), partially offset by higher contributions from the office portfolio in Singapore (up 6%). Overall contributions from the portfolio on the Chinese mainland were slightly lower mainly due to the pre-opening costs of the pipeline projects and contributions from One Central Macau also declined due to the ongoing renovation works and planned tenant movements. The two largest operating profit contributors within Prime Properties Investment are the Hong Kong Central portfolio (74%) and Singapore (17%).

Net financing charges decreased to US$220 million due to the significant decline in consolidated net debt to US$3.6 billion as at 31 December 2025, compared with US$5.1 billion last year. The weighted average borrowing rates also declined to 3.3% from 3.6% for the previous year.

The Group's tax charge was US$102 million. The effective tax rate was 18%, which was slightly higher than the prior year due to a larger share of profits derived from Singapore relative to Hong Kong.

Non-Trading Items

Results from the build-to-sell portfolio have been reclassified to non-trading items, aligned with our strategic pivot to no longer invest in this segment.

Losses from the build-to-sell business were US$245 million including a post-tax non-cash provision of US$372 million recognised on certain assets on the Chinese mainland. Excluding provisions, contributions from the build-to-sell segment were 44% lower compared to 2024, primarily due to less completions and fewer new project launches on the Chinese mainland. Net assets invested in this segment is expected to continue to decline as capital is recycled. As at 31 December 2025, the Group's net investment in the segment amounted to US$2.7 billion, 70% of which relates to assets on the Chinese mainland.

Other non-trading items for 2025 included US$247 million of revaluation gain from the reclassification of commercial property assets from the build-to-sell segment to prime properties investment segment (previously categorised as medium-term lease assets). These assets were historically recorded on the Group's balance sheet at their capitalised cost. As these assets now form part of investment properties, they were recognised at fair value as at 31 December 2025. The remaining US$803 million in gains, compared to US$1,795 million losses in 2024 principally arose on revaluation of the Group's other investment properties by independent valuers (including its share of joint ventures).

More information on the operating performance of the Group's asset portfolio and its valuation movements are included in the Operational Review Section on pages 14 to 21.

Cash Flows

The Group's consolidated cash flows are summarised as follows:

	2025 US$m	2024 US$m
Operating activities		
Operating profit, excluding non-trading items	**621**	694
Net interest	**(177)**	(181)
Tax paid	**(118)**	(147)
Expenditure on Build-to-sell projects	**(153)**	(297)
Sales proceeds from Build-to-sell	**323**	509
Dividends received from joint ventures	**144**	97
Others	**(56)**	(4)
	584	671
Investing activities		
Major renovations capex	**(164)**	(78)
Repayments from associates and joint ventures	**273**	259
Investments in associates and joint ventures	**(28)**	(17)
Advances to associates and joint ventures	**(22)**	(112)
Disposal of subsidiaries and joint ventures	**1,241**	14
Disposal of investment properties	**368**	15
	1,668	81
Financing activities		
Dividends paid by the Company	**(503)**	(478)
Net repayment of borrowings	**(124)**	(366)
Shares repurchase	**(279)**	–
Purchase of shares for share-based incentives	**(22)**	–
Repayments to associates and joint ventures	**(16)**	(27)
Advances from associates and joint ventures	**121**	96
Others	**42**	(3)
	(781)	(778)
Net increase/(decrease) in cash and cash equivalents	**1,471**	(26)
Cash and cash equivalents at 1 January	**1,067**	1,112
Effect of exchange rate changes	**26**	(19)
Cash and cash equivalents at 31 December	**2,564**	1,067

Results from the Prime Properties Investment portfolio are included in operating activities. The Group's build-to-sell business comprises a mixture of subsidiary projects (recorded within operating activities) and joint-venture projects (recorded within investing and financing activities).

Net cash inflows from operating activities were US$584 million, compared with net cash inflows of US$671 million in the prior year. Operating profits were US$73 million lower in 2025 principally due to lower profits from the Hong Kong Central Portfolio. Tax paid during the year reduced compared to the prior year, due to fewer build-to-sell completions on the Chinese mainland. Sales proceeds from build-to-sell projects, net of expenditure, reduced by US$42 million year on year due to a lower sales volume in China. Dividends received from joint ventures increased by US$47 million due to distributions from build-to-sell projects on the Chinese mainland and higher dividends from the Singapore Prime Properties Investment portfolio. Net outflows in others relates primarily to net working capital changes.

Net cash inflows from investing activities were US$1,668 million in 2025, compared to net cash inflows of US$81 million in the prior year. Capital expenditure increased to US$164 million principally due to the Tomorrow's CENTRAL renovations in Hong Kong. Net cash inflows from associates and joint ventures during the year were US$223 million compared with US$130 million last year mainly due to the steady monetisation of the Group's build-to-sell portfolio. Significant increase in cash inflows from disposal of subsidiaries and joint ventures amounted to US$1,241 million, primarily representing the disposals of MCL Land and the Group's equity stake in Marina Bay Financial Centre Tower 3. Disposal of investment properties of US$368 million relate to proceeds received to date from the disposal of certain floors of One Exchange Square in Hong Kong during the year.

Under financing activities, the Company paid dividends of US$503 million, being the 2024 final dividend of US¢17.00 per share, as well as the 2025 interim dividend of US¢6.00 per share. The Group also had a net repayment of borrowings of US$124 million during the year. In line with the capital allocation principles outlined in Strategic Vision 2035, share repurchases of US$279 million were invested during the year.

Total cash and cash equivalents were US$1,497 million higher at the end of 2025. Taken together with a decrease in borrowings, the Group's net debt at 31 December 2025 decreased to US$3,577 million, from US$5,088 million at the beginning of the year.

Reconciliation of adjusted free cash flow

	2025 US$m	2024 US$m
Cash flows from operating activities	**584**	671
Maintenance capital expenditure	**(63)**	(53)
Net cash flows from build-to-sell segment associates and joint ventures	**291**	193
Others	**(2)**	(3)
Adjusted free cash flow	**810**	808

In line with the Group's Strategic Vision 2035, the return of capital from the build-to-sell segment continues to be prioritised. While profit contributions from the portfolio is expected to continue to decline over the next several years, the active recycling of capital continues to benefit the Group's free cash flow.

The Group's adjusted free cash flow, which includes maintenance capital expenditure and net cash flows from the build-to-sell segment, amounted to US$810 million or US¢37.08 per share in 2025. This metric reflects strong cashflows from the Group's Prime Properties Investments business and the continued unwinding of the build-to-sell portfolios, but excludes net proceeds from capital recycling via significant disposals (One Exchange Square, MCL Land and Marina Bay Financial Centre Tower 3).

Year-end debt summary*

	2025 US$m	2024 US$m
US$ notes*	**1,492**	2,092
HK$ notes	**1,379**	1,419
HK$ bank loans	**1,239**	612
S$ notes	**231**	218
CNY notes#	**190**	182
CNY bank loans#	**315**	301
RMB bank loans	**894**	987
THB bank loans	**402**	354
Gross debt	**6,142**	6,165
Cash	**2,565**	1,077
Net debt	**3,577**	5,088

* Before currency swaps of US$ debt to HK$
# Chinese Yuan (Offshore)

Capital Management

The Group actively reviews and manages its capital structure to ensure optimal shareholder returns through a combination of profitability, cash flows, investing activities, dividends and balance sheet strength. In 2024, the Group announced a new strategy with a refreshed capital allocation framework. Up to US$10 billion of existing capital is to be recycled over the next 10-years, with up to 20% of these proceeds to be reinvested in the buy-back and cancellation of its own shares. The Group also aims to double dividends per share by 2035 and invest in new ultra-premium integrated mixed-use properties in key Asian gateway cities. The Group's capital management policies are set out on page 116. The Group has announced a share buyback programme totalling US$650 million and deployed over US$330 million up to the end of February 2026. Full year dividend per share has also increased from US¢22.00 in 2023 to US¢25.00 in 2025.

Capital Commitments

Outstanding capital commitments as of 31 December 2025 were US$1,129 million (2024: US$1,156 million), including the Group's contributions to associates and joint venture companies of US$776 million (2024: US$716 million). The largest commitments relate to the Group's 49% share of a joint-venture mixed-use project in Bangkok and renovations relating to the Group's Tomorrow's CENTRAL project in Hong Kong.

Share Buy-back

The total amount invested in the Group's share buyback programme since it was first announced in April 2025 was US$282 million as at 31 December 2025, reducing the number of total shares outstanding by 2%.

Dividends

The Board is recommending a final dividend of US¢19.00 per share for 2025, providing a total annual dividend of US¢25.00 per share, up 9% from the prior year. The final dividend will be payable on 13 May 2026, subject to approval at the Annual General Meeting to be held on 7 May 2026, to shareholders on the register of members at the close of business on 20 March 2026. No scrip alternative is being offered in respect of the dividend. The dividend payout ratio as a percentage of adjusted free cash flow was 67%.

Treasury Policy

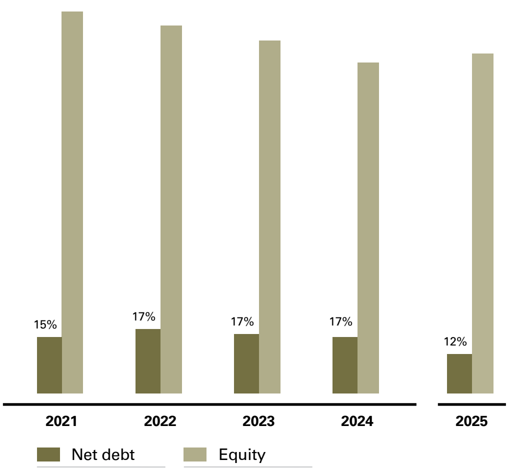
The Group manages its treasury activities within established risk management objectives and policies using a variety of techniques and instruments. The main objectives are to manage foreign exchange, interest rate and liquidity risks and to provide a degree of certainty in respect of costs. The investment of the Group's cash balances is managed so as to minimise risk while seeking to enhance yield. Appropriate credit guidelines are in place to manage counterparty credit risk.

When economically sensible to do so, borrowings are taken in local currencies to hedge foreign currency exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate committed facilities headroom is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, the Group's funding arrangements are designed to strike an appropriate balance between equity and debt from banks and capital markets, both short and long term, to give flexibility to develop the business.

The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

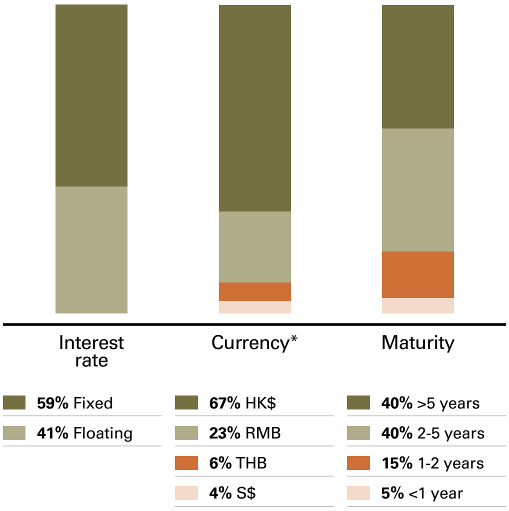
Funding

The Group is well financed with strong liquidity. Net debt at the end of the year decreased significantly to US$3.6 billion from US$5.1 billion in 2024. Net gearing also dropped to 12%, compared with 17% at the end of 2024. Weighted average borrowing costs were 3.3%, compared to 3.6% in the prior year. Interest cover, calculated as the underlying plus build-to-sell operating profits, including the Group's share of associates and joint ventures' operating profits, divided by net financing charges including the Group's share of associates and joint ventures' net financing charges, was 4.6 times, compared to 3.6 times in 2024.



Net Debt as a Percentage of Equity

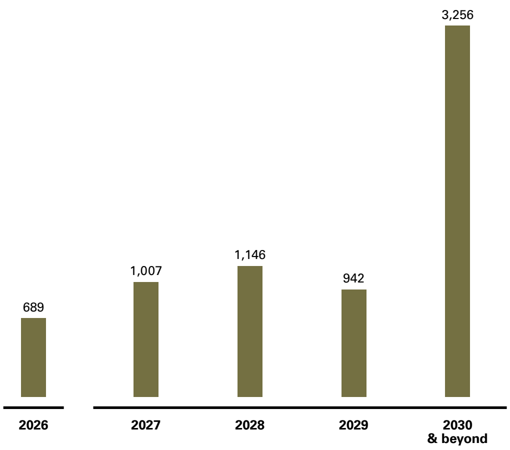
At 31 December 2025, the average tenor of the Group's debt was 5.8 years, compared with 6.3 years from the end of 2024. On average, approximately 59% of the Group's borrowings were either fixed rate borrowings or covered by interest rate hedges with major credit worthy financial institutions and the remaining 41% were at floating rates. The majority of the Group's debt is denominated in Hong Kong dollars, of which 70% was at fixed rate.



Debt Profile at 31 December 2025

* After currency swaps from US$ debt to HK$ debt

At 31 December 2025, the Group had total committed lines of approximately US$7.0 billion with a diversified range of maturity dates. Of these lines, 53% were sourced from banks with the remaining 47% from the capital markets. At the end of 2025, the Group had drawn US$6.1 billion of these lines leaving US$0.9 billion of committed, but unused, facilities. Adding the Group's year end cash balances, the Group had overall liquidity at 31 December 2025 of US$3.5 billion, up from US$3.0 billion at the end of 2024. This liquidity provides significant headroom to the Group.



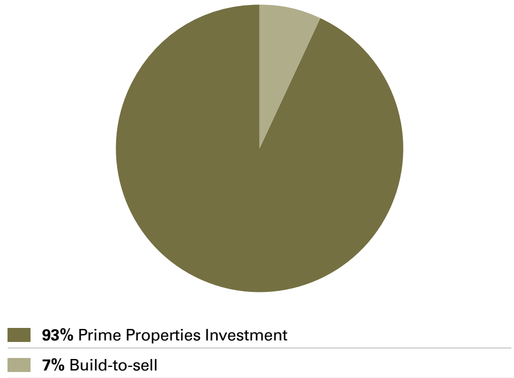
Committed Facility Maturity at 31 December 2025 (US$m)

Credit Ratings

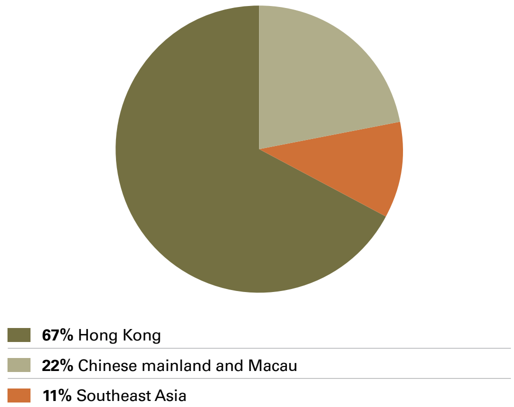
Both Moody's and Standard & Poor's have maintained their credit ratings of Hongkong Land Holdings Limited at A3 and A respectively.

Gross Assets

The Group's gross assets, including its share of joint ventures, (excluding cash balances) is analysed below, by activity and by location.



Gross Assets by Activity



Gross Assets by Location

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 60 to 65. These have been refreshed taking into account the Group's Strategic Vision 2035.

Craig Beattie
Chief Financial Officer
5 March 2026