Henderson Land (0012.HK)

1H26 results above on strong DP profit recovery and farmland resumption gain. No intention to cut prices to clear inventory

0012.HK	12m Price Target: **HK$41.00**	Price: **HK$28.18**	Upside: **45.5%**

BUY CL

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Henderson Land reported headline net profit of HK$4.1bn in 1H26. Excluding -HK$1bn fair value loss mostly related to its mainland China rental properties (IP), its underlying profit jumped +66% yoy to HK$5.1bn, well above our and market expectation, mainly boosted by a HK$1.6bn pre-tax gain on farmland resumption by the government (vs. HK$240mn in 1H25) and strong-than-expected HK development property (DP) profit booking of HK$1.7bn pre-tax (vs. a modest HK$70mn in 1H25). After several years of decline, group attributable EBIT (including share of associates and JVs) turned around and recovered by +45% yoy to HK$7bn, driven by much higher DP profit with a tripling of revenue recognition (HK$13.3bn vs. HK$3.8bn in 1H25) and healthy margin recovery (18.3% vs. 2.1% in 1H25) in HK. Contribution from **HK & China Gas** also grew +10% yoy to Rmb2.1bn (vs. flat in FY25) on an increase in sustainable aviation fuel (SAF) volume following the commencement of its Malaysian plant in late-2025. This was partly offset by wider EBIT loss from **mainland China DP** (-HK$0.4bn vs. -HK$0.1bn in 1H25) dragged by a one-off JV transaction to sell certain units at below-market price in order to acquire a land site, per mgmt. Elsewhere, EBIT from its **IP portfolio** was quite steady +1% yoy to HK$3.4bn with improving rental trend in HK esp. in core Central district (+4% vs. flat in 2H25) while its mainland China portfolio continued to posted rental decline (-10% yoy) amid ongoing challenges from an over-supply office market.

Having reset its DPS last year to a more sustainable level (see our report on Mar 24), the group maintained its interim DPS unchanged at HK$0.5 as expected, representing 48% payout on its underlying earnings or 68% on cash earnings if deducting capitalized interest expenses. Although it does not have an official dividend policy or target payout ratio – all dependent on macro environment, business performance, investment opportunities and capital needs, mgmt said that they are inclined to maintaining its

Key Data

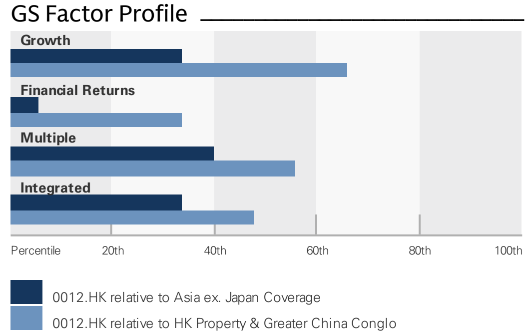
Market cap: HK$136.4bn / $17.4bn
Enterprise value: HK$195.7bn / $25.0bn
3m ADTV: HK$239.7mn / $30.6mn
Hong Kong
HK Property & Greater China Conglo
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (HK$ mn) New	**25,741.0**	**33,928.9**	**32,504.4**	**33,182.8**
Revenue (HK$ mn) Old	25,741.0	33,643.2	32,228.1	31,426.3
EBITDA (HK$ mn)	5,050.0	8,088.9	9,648.5	10,968.4
EPS (HK$) New	**1.17**	**1.68**	**2.13**	**2.48**
EPS (HK$) Old	1.17	1.64	2.12	2.45
P/E (X)	21.9	16.7	13.2	11.4
P/B (X)	0.4	0.4	0.4	0.4
Dividend yield (%)	4.9	4.5	4.5	4.5
FCF yield (%)	8.6	7.1	6.6	7.2

	12/25	6/26	12/26E	--
EPS (HK$)	0.57	0.84	0.84	–

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

BUY CL

Henderson Land (0012.HK)

Rating since Feb 18, 2026

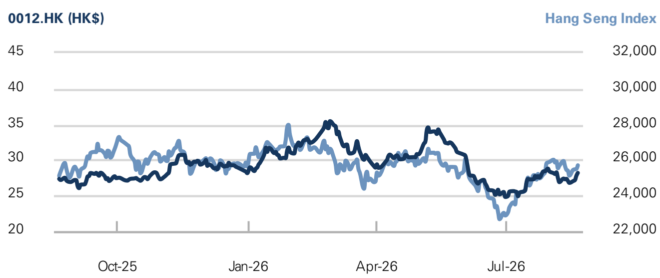
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	21.9	16.7	13.2	11.4
P/B (X)	0.4	0.4	0.4	0.4
FCF yield (%)	8.6	7.1	6.6	7.2
EV/EBITDAR (X)	37.7	24.2	19.4	16.2
EV/EBITDA (excl. leases) (X)	37.7	24.2	19.4	16.2
CROCI (%)	2.8	1.8	2.0	2.2
ROE (%)	1.4	2.3	3.2	3.6
Net debt/equity (%)	14.2	11.4	8.6	5.4
Net debt/equity (excl. leases) (%)	14.2	11.4	8.6	5.4
Interest cover (X)	1.9	3.6	4.6	5.3
Days inventory outst, sales	1,171.4	790.6	690.1	547.2
Receivable days	181.6	124.7	130.1	127.5
Days payable outstanding	164.0	132.3	150.5	155.1
DuPont ROE (%)	1.3	2.1	3.0	3.4
Turnover (X)	0.0	0.1	0.1	0.1
Leverage (X)	1.6	1.6	1.6	1.6
Average capital employed (HK$)	396,555.5	386,537.2	381,715.5	377,663.8
BVPS (HK$)	66.61	67.03	67.90	69.12

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	1.9	31.8	(4.2)	2.1
EBITDA growth	(9.9)	60.2	19.3	13.7
EPS growth	(10.2)	44.2	26.6	16.1
DPS growth	(30.0)	0.0	0.0	0.0
EBIT margin	17.8	22.4	28.2	31.6
EBITDA margin	19.6	23.8	29.7	33.1
Net income margin	17.5	21.6	31.8	36.1

Price Performance



	3m	6m	12m
Absolute	(12.9)%	(16.3)%	3.1%
Rel. to the Hang Seng Index	(13.1)%	(14.0)%	1.0%

Source: FactSet. Price as of 20 Aug 2026 close.

Income Statement (HK$ mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	25,741.0	33,928.9	32,504.4	33,182.8
Cost of goods sold	(19,503.3)	(24,652.3)	(21,668.2)	(21,026.8)
SG&A	(1,187.7)	(1,187.7)	(1,187.7)	(1,187.7)
R&D	–	–	–	–
Other operating inc./(exp.)	–	–	–	–
ESO expense	–	–	–	–
EBITDA	**5,050.0**	**8,088.9**	**9,648.5**	**10,968.4**
Depreciation & amortization	(463.0)	(472.3)	(481.7)	(491.3)
EBIT	**4,587.0**	**7,616.7**	**9,166.8**	**10,477.0**
Net interest inc./(exp.)	(2,000.0)	(1,660.3)	(1,409.3)	(1,254.3)
Income/(loss) from associates	2,735.0	3,797.4	4,756.6	5,294.4
Pre-tax profit	**5,322.0**	**9,753.8**	**12,514.1**	**14,517.2**
Provision for taxes	48.0	(1,011.6)	(1,220.9)	(1,423.5)
Minority interest	(865.0)	(1,421.3)	(969.6)	(1,105.9)
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**4,505.0**	**7,320.8**	**10,323.5**	**11,987.8**
Post-tax exceptionals	1,148.0	832.0	–	–
Net inc. (post-exceptionals)	**5,653.0**	**8,152.8**	**10,323.5**	**11,987.8**
EPS (basic, pre-except) (HK$)	**0.93**	**1.51**	**2.13**	**2.48**
EPS (diluted, pre-except) (HK$)	**0.93**	**1.51**	**2.13**	**2.48**
EPS (basic, post-except) (HK$)	**1.17**	**1.68**	**2.13**	**2.48**
EPS (diluted, post-except) (HK$)	**1.17**	**1.68**	**2.13**	**2.48**
EPS (diluted, excl. ESO) (HK$)	**--**	**--**	**--**	**--**
DPS (HK$)	1.26	1.26	1.26	1.26

Balance Sheet (HK$ mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	23,349.0	32,330.6	41,659.5	52,620.5
Accounts receivable	11,589.0	11,589.0	11,589.0	11,589.0
Inventory	79,621.0	67,367.5	55,549.8	43,936.5
Other current assets	432.0	432.0	432.0	432.0
Total current assets	**114,991.0**	**111,719.0**	**109,230.3**	**108,578.0**
Net PP&E	282,326.0	289,326.0	297,326.0	305,326.0
Net intangibles	–	–	–	–
Total investments	139,314.0	139,060.0	138,741.8	138,387.6
Other long-term assets	2,750.0	2,750.0	2,750.0	2,750.0
Total assets	**539,381.0**	**542,855.0**	**548,048.0**	**555,041.6**
Accounts payable	8,934.0	8,934.0	8,934.0	8,934.0
Short-term debt	9,331.0	9,331.0	9,331.0	9,331.0
Short-term lease liabilities	–	–	–	–
Other current liabilities	18,831.0	18,831.0	18,831.0	18,831.0
Total current liabilities	**37,096.0**	**37,096.0**	**37,096.0**	**37,096.0**
Long-term debt	62,423.0	62,423.0	62,423.0	62,423.0
Long-term lease liabilities	–	–	–	–
Other long-term liabilities	98,976.0	98,976.0	98,976.0	98,976.0
Total long-term liabilities	161,399.0	161,399.0	161,399.0	161,399.0
Total liabilities	**198,495.0**	**198,495.0**	**198,495.0**	**198,495.0**
Preferred shares	**--**	**--**	**--**	**--**
Total common equity	**322,464.0**	**324,516.7**	**328,740.0**	**334,627.7**
Minority interest	**18,422.0**	**19,843.3**	**20,813.0**	**21,918.9**
Total liabilities & equity	**539,381.0**	**542,855.0**	**548,048.0**	**555,041.6**
Net debt, adjusted	**48,405.0**	**39,423.4**	**30,094.5**	**19,133.5**
RNAV	–	–	–	–

Cash Flow (HK$ mn)

	12/25	12/26E	12/27E	12/28E
Net income	5,653.0	8,152.8	10,323.5	11,987.8
D&A add-back	463.0	472.3	481.7	491.3
Minority interest add-back	865.0	1,421.3	969.6	1,105.9
Net (inc)/dec working capital	8,758.0	12,253.5	11,817.6	11,613.3
Other operating cash flow	3,059.3	(3,797.4)	(4,756.6)	(5,294.4)
Cash flow from operations	**18,798.3**	**18,502.6**	**18,836.0**	**19,903.9**
Capital expenditures	(6,526.0)	(7,472.3)	(8,481.7)	(8,491.3)
Acquisitions	–	–	–	–
Divestitures	–	–	–	–
Others	2,918.0	4,051.4	5,074.8	5,648.6
Cash flow from investing	**(3,608.0)**	**(3,420.8)**	**(3,406.9)**	**(2,842.7)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(8,714.5)	(6,100.1)	(6,100.1)	(6,100.1)
Inc/(dec) in debt	0.0	0.0	–	–
Other financing cash flows	0.0	0.0	0.0	0.0
Cash flow from financing	**(8,714.5)**	**(6,100.1)**	**(6,100.1)**	**(6,100.1)**
Total cash flow	**6,475.8**	**8,981.6**	**9,328.9**	**10,961.0**
Free cash flow	12,272.3	11,030.3	10,354.2	11,412.5

Source: Company data, Goldman Sachs Research estimates.

absolute DPS at current level in near future. We model steady total DPS of HK$1.26 in FY26 implying a 4.5% dividend yield at current share price. Given healthy cashflow generating from its HK DP business (i.e., attributable contracted sales almost tripled to HK$18.1bn vs. HK$6.3bn in 1H25), its net debt to equity ratio improved further to 17.9% at end-1H26 (vs. 18.7% at end-FY25) or 41.6% if including HK$77bn shareholder loans from its parentco. As it is their intention to keep net gearing at 18-22%, we believe the group may start to pay down its shareholder loans more aggressively, should cash inflow momentum continue, although management emphasized that there is no maturity or set payment requirements for the shareholder loans. Capex is expected to be largely unchanged at HK$7-8bn in FY26E.

Below we summarize the detailed key takeaways:

- **No intention to cut prices to clear inventory. Some signs of sale volume recovery post slowdown on China's capital control concern over past 2 months. DP margin of high-teens in 2H26E -** Given its abundant saleable resources, the group was able to capitalize on HK housing market recovery since 3Q25 and sold a total of 2.8k units in 1H26, having achieved HK$18.1bn contracted sales, +188% yoy. These have already exceeded the 2.6k units it sold for the entire FY25. Based on Centaline data, the sales were mainly attributed to a few projects including One Victoria Cove in Hung Hom (~HK$4.9bn, ~45% sold out of 1,296 units), Highwood in Ma Tau Kok (~HK$3.7bn, ~67% sold out of 816 units), Chester in Hung Hom (~HK$1.8bn, ~90% sold out of 241 units) and The Legacy at Mid-level West (~HK$2.5bn, ~13% sold out of 172 units). As of end-1H26, the group still had 4k unsold inventory units with a total of 1.3mn sq ft saleable area. Looking into 2H26, they plan to launch 8 more projects with 1.7k units and 0.6mn sq ft saleable area. They acknowledge that sale momentum has slowed somewhat since Chinese government's announcement on tighter control of capital outflow in Jun (see our report on Jun 5), consistent with high-frequency industry data we track (Exhibit 4). They said that they are starting to see some signs of recovery in recent weeks, with the return of more enquiries and buyer interest even for the more luxury projects (e.g., The Legacy), similar to Wharf Holdings's earlier comments at its results briefing (Aug 12). As of end-1H26, the group still had HK$18.3bn net order book yet to be recognized (of which HK$6.9bn will be booked in 2H26) - their profit margin is ~20%. Together with strong financial position with much liquidity (HK$21bn cash on hand), management said that they have no intention to cut prices to clear inventory as some investors in our conversations have feared. They maintain their guidance of high-teens % DP margin in 2H26E - we model 18% as in 1H26.

- **Rental upside in HK esp. for its core Central office and retail portfolio. Mixed performance from its mainland China rental portfolio -** Benefiting from the buoyant capital market, its 40.8%-owned **IFC** remains at full occupancy and has been able to command rent hikes in both office (~HK$120-125 psf monthly spot rent vs. ~HK$110 psf passing rents) and retail segments (~HK$250 psf vs. ~HK$220 passing) during 1H26 - this supported +4% yoy rental growth during the period. Having already leased out ~70% of office space at its **Central Yards Phase 1 project** to Jane Street earlier, the group is taking a more selective approach given many rental enquiries by various financial institutions. They will position its retail space for mid-to-high end tenants, e.g., European high-end or lifestyle brands for younger generation. They also plan to allocate up to 40% of the space for F&B, including luxury Japanese fine dining options. To draw more foot traffic to the area, the group formed a 50/50 JV called Central Grand Limited with an event organizer (Yiu Wing) and successfully secured a 5-year tenancy for the Central Harbour front Event Space adjacent to Central Yards to organize various entertainment events and/or concerts. Its other office building in Central, **The Henderson,** saw its occupancy rate slipp by -5pts hoh to 90% (vs. 95% at end-FY25) which management explains is due to rental contract expiry for one of the floors originally used for exhibition purposes. They see this as a good opportunity to raise rents by sub-leasing this floor into smaller 4-5k sq ft units catering more to family offices as the group continues to receive many enquiries. In mainland China, similar to comments by other landlords, Henderson's office portfolio continued to face challenges amid oversupply. Among its various projects, World Financial Center in Beijing's rental income fell -24% yoy in RMB term as increasingly more of its state-owned tenants move out to their own constructed or acquired buildings. Lumina Guangzhou's rental contribution also dropped -13% yoy in RMB term, partly offset by +20%/+2% higher income (in RMB term) from Lumina Shanghai/Henderson Metropolitan. Overall, we model gradual increase of its rental EBIT from HK$6.5bn in FY25 to HK$7.8bn in FY28E (implying +6% CAGR).

- **Submitted the bid for Hung Shui Kiu pilot area in the Northern Metropolis (NM). Open to different approaches on farmland utilization -** As of end-1H26, Henderson's agricultural land holdings totaled 38.4mn sq ft site area (vs. 40.5mn sq ft at end-FY25), with ~90% or 34.5mn sq ft located in NM. Breaking down by regions, it has 2.21mn sq ft in Hung Shui Kiu/Ha Tsuen New Development Area, and 3.65mn sq ft in San Tin Technopole - these two areas are the government's development priorities at this stage, especially for residential purposes. In early July, they had submitted a sole bid for Hung Shui Kiu pilot area comprising 3 residential sites, 3 Enterprise and Technology Park (E&TP) sites and 4 public facility sites, competing with another bid by a consortium formed by China Overseas/China Merchants Land/CR Land/China Tourism Group/JD/Sino Land (link). They remain open to different approaches in monetizing and/or making use of its farmland in the region, not ruling out forming equity or contractual JVs with companies in other industries for co-development. Depending on how the farmland is being utilized, we see upside to its book value as its 38.4mn sq ft farmland is only being valued at HK$246psf. Valuing it at recent government resumption price of HK$1,043 psf would be worth HK$40bn or HK$8.3/share, all else equal.

- **Recent relaxation in urban redevelopment policy makes it economically more attractive for Henderson to pursue more of such projects -** To expedite urban redevelopment especially in 7 older districts (namely Cheung Sha Wan, Ma Tau Kok, Mong Kok, Sai Ying Pun & Sheung Wan, Tsuen Wan, Wan Chai, and Yau Ma Tei), the government is planning to launch the Bonus Plot Ratio Pilot Scheme in Sept (link). To incentivize developers to redevelop in the older districts, the government would award those committing to demolishing residential buildings aged over 50 years in these 7 districts with no less than 700 sqm site area and redeveloping them into new residential units an additional 20% premium-free GFA or higher plot ratio. As of end-1H26, the group has 0.7mn sq ft GFA of urban redevelopment projects with more than 20% ownership interest acquired but the relevant compulsory sale application threshold has not been met - these sites could potentially benefit from such policy relaxation. Some industry participants believe further relaxation on the land size requirement (i.e., allowing it to be smaller than 700 sqm) may incentivize the participation of more developers.

After updating its property schedule and factoring in realized gain from farmland resumption, we revise our FY26-28E EPS for Henderson Land by +15%/1%/1%, and keep our 12-month target price unchanged at HK$41. We believe the market will take this set of results positively as the farmland resumption gain signals the government's intention to speed up its development in Northern Metropolis presenting opportunities for Henderson (and other developers with rich land resources there) to monetize or replenish the landbank. The solid DP profit and margin recovery also reinforce our view that the group is well positioned to benefit from the housing market recovery in HK. While near-term share price will likely continue to be dictated more by macro concerns (e.g., interest rate movement, China's offshore investment and capital controls), we still see further upside in HK housing prices amid demand and supply imbalance over near to medium term. Meanwhile, with the on-track scheduled phased completion of the Central Yards project in 2026-32E, its rental property exposure in core Central districts would increase gradually, providing more recurring cashflow to support debt reduction and other new business development (e.g., farmland conversion and new projects in NM). Its valuation looks attractive at -59% FY26E NAV discount and 0.4x P/B, offering 4.5% dividend yield. Reiterate Buy (on CL).

Exhibit 1: Henderson 1H26 results highlights (Part 1)

				YoY (%)			HoH (%)
(HK$mn)	**1H25**	**2H25**	**1H26**	**1H25**	**2H25**	**1H26**	**1H26**
Revenue by segment (attr. basis)	**30,401**	**37,808**	**40,603**	**-10%**	**4%**	**34%**	**7%**
Property development	**6,191**	**12,758**	**14,326**	**-21%**	**0%**	**131%**	**12%**
Hong Kong	3,830	11,693	13,312	-22%	57%	248%	14%
Mainland China	2,361	1,065	1,014	-17%	-80%	-57%	-5%
Property investment	**4,529**	**4,608**	**4,584**	***-3%***	***-2%***	***1%***	***-1%***
Hong Kong	3,596	3,693	3,706	*0%*	*2%*	*3%*	*0%*
Mainland China	933	915	878	-11%	-15%	-6%	-4%
Department stores	745	716	698	*-4%*	*-7%*	*-6%*	*-3%*
Hotel and others	1,754	1,792	1,710	*-39%*	*-6%*	*-3%*	*-5%*
Utility and energy	**17,182**	**17,934**	**19,285**	**-4%**	**10%**	**12%**	**8%**
EBIT by segment (attr. basis)	**4,786**	**5,154**	**6,963**	**-9%**	**-16%**	**45%**	**35%**
Property development	**(94)**	**802**	**1,898**	**n.m.**	**-51%**	**n.m.**	**137%**
Hong Kong	81	1,033	2,436	-82%	12%	n.m.	136%
Mainland China	(105)	(145)	(423)	304%	n.m.	303%	192%
Provision on property projects	(70)	(86)	(115)	180%	-71%	64%	34%
Property investment	**3,307**	**3,200**	**3,350**	**-4%**	**-6%**	**1%**	**5%**
Hong Kong	2,637	2,550	2,746	-2%	0%	4%	8%
Mainland China	670	650	604	-13%	-22%	-10%	-7%
Department stores	29	28	31	21%	-28%	7%	11%
Hotel and others	66	247	173	-73%	14%	162%	-30%
Utility and energy	**1,937**	**1,584**	**2,126**	**2%**	**-2%**	**10%**	**34%**
Unallocated head office and corp expenses, net	(459)	(707)	(615)	-39%	-5%	34%	-13%
EBIT margin by segment (attr. basis)	***15.7%***	***13.6%***	***17.1%***	0.2 ppt	-3.3 ppt	1.4 ppt	3.5 ppt
Property development	***-1.5%***	***6.3%***	***13.2%***	**-6.8 ppt**	**-6.5 ppt**	**14.8 ppt**	**7.0 ppt**
Hong Kong	*2.1%*	*8.8%*	*18.3%*	-7.2 ppt	-3.6 ppt	16.2 ppt	9.5 ppt
Mainland China	*-4.4%*	*-13.6%*	*-41.7%*	-3.5 ppt	-32.5 ppt	-37.3 ppt	-28.1 ppt
Property investment	***73.0%***	***69.4%***	***73.1%***	**-1.2 ppt**	**-2.7 ppt**	**0.1 ppt**	**3.6 ppt**
Hong Kong	*73.3%*	*69.0%*	*74.1%*	-1.2 ppt	-1.4 ppt	0.8 ppt	5.0 ppt
Mainland China	*71.8%*	*71.0%*	*68.8%*	-1.4 ppt	-6.9 ppt	-3.0 ppt	-2.2 ppt
Department stores	*3.9%*	*3.9%*	*4.4%*	0.8 ppt	-1.2 ppt	0.5 ppt	0.5 ppt
Hotel and others	*3.8%*	*13.8%*	*10.1%*	-4.7 ppt	2.4 ppt	6.4 ppt	-3.7 ppt
Utility and energy	***11.3%***	***8.8%***	***11.0%***	**0.6 ppt**	**-1.1 ppt**	**-0.2 ppt**	**2.2 ppt**
Net interest income/(expense)	**(933)**	**(1,067)**	**(878)**	**61%**	**-18%**	**-6%**	**-18%**
Interest income (bank interest)	272	172	312	13%	-18%	15%	81%
Cash interest expense	(2,833)	(2,623)	(2,680)	-17%	-24%	-5%	2%
Interest capitalised	1,628	1,384	1,490	-38%	-29%	-8%	8%
Share of profit from asso. & JV	**1,618**	**1,117**	**2,711**	**9%**	**-31%**	**68%**	**143%**
Property sales	(169)	(210)	780	44%	n.m.	n.m.	n.m.
Property investment	599	182	385	66%	-56%	-36%	112%
Listed associates (HKCG)	1,227	1,135	1,518	-3%	2%	24%	34%
Others	(39)	10	28	39%	-74%	n.m.	180%
Extraordinary gain/(loss)	**(187)**	**1,335**	**832**	**n.m.**	**50%**	**n.m.**	**-38%**
Sales of property interests	0	389	100	n.m.	n.m.	n.m.	-74%
Inc/(dec) in fair value of investment prop.	(427)	587	(836)	192%	n.m.	96%	n.m.
Pre-tax gains on land resumptions	240	359	1,568	-77%	-84%	553%	337%
Others	0	0	0	n.m.	n.m.	n.m.	n.m.
Major segment earnings							
Attr. pre-tax profit from DP	**202**	**1,609**	**2,998**	**-86%**	**-62%**	**1384%**	**86%**
- Profit excl. land resumption	(38)	1,250	1,430	n.m.	-35%	n.m.	14%
HK	70	897	1,732	-84%	1%	n.m.	93%
Mainland China	(108)	(145)	(425)	286%	n.m.	294%	193%
Disposal of part of DP projects classified as IP	0	498	123	n.m.	n.m.	n.m.	-75%
- Gain from land resumption	240	359	1,568	-77%	-84%	553%	337%
Gains on disposal of completed & leased IP	**8**	**22**	**19**	**-99%**	**n.m.**	**138%**	**-14%**
Attr. pre-tax rental income from property leasing	**3,144**	**3,032**	**3,187**	**-4%**	**-6%**	**1%**	**5%**
HK	2,483	2,389	2,593	-1%	-1%	4%	9%
Mainland China	661	643	594	-13%	-22%	-10%	-8%
Net profit (after-tax) from HKCG	**1,576**	**1,370**	**1,881**	**3%**	**-4%**	**19%**	**37%**
Profit before tax	**2,562**	**3,908**	**5,410**	**-40%**	**-1%**	**111%**	**38%**

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Henderson 1H26 results highlights (Part 2)

				YoY (%)			HoH (%)
(HK$mn)	**1H25**	**2H25**	**1H26**	**1H25**	**2H25**	**1H26**	**1H26**
Taxation	**430**	**(382)**	**(554)**	**n.m.**	**-43%**	**n.m.**	**45%**
Current tax - Hong Kong	(208)	(174)	(488)	-23%	-74%	135%	180%
Current tax - Mainland China	(107)	(128)	(60)	-13%	-28%	-44%	-53%
Deferred tax arising from IP revaluation	745	(80)	(6)	590%	n.m.	n.m.	-93%
Minorities	**(84)**	**(781)**	**(766)**	**-90%**	**344%**	**n.m.**	**-2%**
Reported net profit	**2,908**	**2,745**	**4,090**	**-8%**	**-12%**	**41%**	**49%**
Fair value adjustments	140	270	981	-94%	-78%	601%	263%
Underlying profit	**3,048**	**3,015**	**5,071**	**-44%**	**-30%**	**66%**	**68%**
Adjustment for other one-off items							
Gains on disposal of IP	(8)	(22)	(19)				
Gain from land resumption	(240)	(359)	(1,568)				
Recurring underlying net profit	**2,800**	**2,634**	**3,484**	**-2%**	**26%**	**24%**	**32%**
NOSH (w.a.; mn)	4,841	4,841	4,841	0%	0%	0%	0%
EPS (HK$)	0.60	0.57	0.84	-8%	-12%	41%	49%
Underlying EPS (HK$)	**0.63**	**0.62**	**1.05**	**-44%**	**-30%**	**66%**	**68%**
Recurring underlying EPS (HK$)	**0.58**	**0.54**	**0.72**	**-2%**	**26%**	**24%**	**32%**
DPS (HK$)	**0.50**	**0.76**	**0.50**	**0%**	**-42%**	**0%**	**-34%**
Implied payout ratio on underlying EPS (%)	79%	122%	48%	35 ppt	-23 ppt	-32 ppt	-74 ppt
Implied payout ratio on recurring underlying EPS (%)	86%	140%	69%	1 ppt	-161 ppt	-17 ppt	-70 ppt
Implied payout ratio on cash earnings (%)	170%	226%	68%	170 ppt	226 ppt	-103 ppt	-158 ppt
Total gross debt (HK$bn, excl. shareholder loan)	84.0	82.4	79.9	-2%	-4%	-5%	-3%
Shareholder loans (HK$bn)	73.9	80.6	77.0	14%	22%	4%	-5%
Total gross debt (HK$bn, incl. shareholder loan)	157.9	163.0	156.9	5%	7%	-1%	-4%
Cash (HK$bn)	16.6	22.2	21.5	10%	24%	29%	-3%
Net debt/(cash) (HK$bn, excl. shareholder loan)	**67.4**	**60.2**	**58.4**	**-5%**	**-11%**	**-13%**	**-3%**
Net debt/(cash) (HK$bn, incl. shareholder loan)	**141.3**	**140.8**	**135.4**	**4%**	**5%**	**-4%**	**-4%**
Total equity (HK$bn)	320.1	322.5	325.6	-1%	0%	2%	1%
Gearing (net debt to equity, %, excl. shareholder loan)	**21.1%**	**18.7%**	**17.9%**	**-1.0 ppt**	**-2.4 ppt**	**-3.1 ppt**	**-0.7 ppt**
Gearing (net debt to equity, %, incl. shareholder loan)	**44.1%**	**43.7%**	**41.6%**	**2.0 ppt**	**2.0 ppt**	**-2.6 ppt**	**-2.1 ppt**
BVPS (HK$)	**66.13**	**66.61**	**67.25**	**-1%**	**0%**	**2%**	**1%**
Operating metrics							
Attr. contracted sales	**7,533**	**21,148**	**18,455**	**-31%**	**44%**	**145%**	**-13%**
Hong Kong	6,298	19,271	18,118	-30%	71%	188%	-6%
Mainland China	1,235	1,877	337	-39%	-44%	-73%	-82%
Attr. contracted sales yet to be recognized	**12,699**	**12,784**	**18,303**	**-39%**	**11%**	**44%**	**43%**
Hong Kong	10,424	10,926	17,061	-22%	34%	64%	56%
Mainland China	2,275	1,858	1,242	-69%	-45%	-45%	-33%
Land resources in HK & Mainland China (mn sqft.)							
Hong Kong	**22.9**	**22.4**	**20.3**	**-3%**	**-3%**	**-11%**	**-9%**
Projects pending sale or pending/under development	**10.6**	**9.7**	**7.8**	**-5%**	**-11%**	**-26%**	**-20%**
- Residential	9.0	8.1	6.2	-5%	-13%	-31%	-23%
- Investment property	1.6	1.6	1.6	0%	0%	0%	0%
Completed projects	**12.3**	**12.7**	**12.5**	**-1%**	**3%**	**2%**	**-2%**
- Residential (inventories)	1.3	1.5	1.3	-13%	7%	0%	-13%
- Retail	5.7	5.7	5.8	2%	2%	2%	2%
- Office	4.2	4.2	4.2	5%	0%	0%	0%
- Industrial	0.2	0.3	0.2	-50%	50%	0%	-33%
- Hotel & SA	0.9	1.0	1.0	0%	11%	11%	0%
Farmland (site area, mn sqft.)	**41.9**	**40.5**	**38.4**	**-7%**	**-4%**	**-8%**	**-5%**
- Yuen Long District	25.8	24.1	22.0			-15%	-9%
- North District	12.1	12.4	12.5			3%	1%
- Tai Po District	3.4	3.4	3.4			0%	0%
- Tuen Mun District and others	0.6	0.6	0.5				
Mainland China	**25.2**	**24.4**	**23.7**	**0%**	**-7%**	**-6%**	**-3%**
Projects pending sale or pending/under development	**9.5**	**7.5**	**7.2**	**0%**	**-29%**	**-24%**	**-3%**
- Residential	6.2	4.9	4.7	0%	-28%	-24%	-4%
- Investment property	3.3	2.6	2.5	0%	-32%	-24%	-2%
Completed projects	**15.7**	**16.9**	**16.5**	**0%**	**8%**	**5%**	**-2%**
- Residential	2.3	3.1	2.6	0%	19%	13%	-16%
- Investment property	13.4	13.8	13.9	0%	6%	4%	1%
Hong Kong property development breakdown by stages							
- Investment property	1.6	1.6	1.6	0%	0%	0%	0%
- Inventories and new projects for sale/pre-sale	2.8	2.4	1.9	12%	-25%	-32%	-21%
- Projects pending/under development	7.5	7.2	5.6	-12%	-4%	-25%	-22%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: Major projects monthly sales and ASP trend

Henderson remains well positionedor the HK property upturn within ou
are Buy rated on Henderson Land as 1) it has more saleable resources to
better leverage on the back of HK housing market recovery; 2) it has siz
armland to be monetized or exchanged to be combined with adjacent s

development; 3) it has increased rental property exposure in the core Central districts with the scheduled phased completion of New Central Harbourfront project in 2026-32; 4) Potential risk of DPS cut has somewhat priced in.

Price Target Risks and Methodology - Henderson Land

We are Buy rated on Henderson Land. Our 12m target price of HK$41.0 is FY26E NAV-based (target NAV discount of -40%).

Key downside risks include: 1) Less active policy support than we expect, which could significantly erode property buyer confidence and lead to lower-than-expected market recovery. 2) Federal Reserve rate cuts falling short of expectations, meaning the Fed maintains a tighter monetary policy for longer than anticipated, could directly impact buyer affordability by increasing borrowing costs and reducing the purchasing power of prospective homeowners. 3) Slower-than-expected farmland resumptions, which are often crucial for urban expansion and new development projects, could delay the supply of new land and infrastructure. Concurrently, insufficient Northern Metropolis policy support (e.g., for specific regional development initiatives) could hinder investment in those areas, leading to weaker demand for property and slower project execution. 4) Worse-than-expected Hong Kong IP portfolio performance driven by factors such as a worse-than-expected retail recovery and office oversupply, reduced business activity, or shifts in investor sentiment towards the region.

Disclosure Appendix

Reg AC

I, Simon Cheung, CFA, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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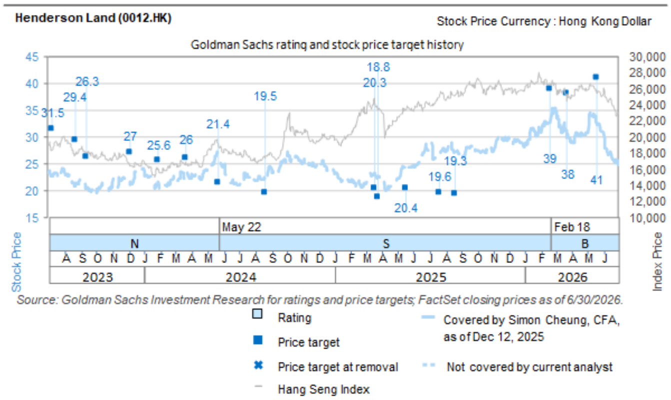

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Target price history table(s)
Henderson Land (0012.HK)

Date of report	Target price (HK$)	Closing price (HK$)
19-May-26	41.00	32.40
23-Mar-26	38.00	30.02
18-Feb-26	39.00	32.70
20-Aug-25	19.30	27.32
21-Jul-25	19.60	26.55
19-May-25	20.40	24.25
26-Mar-25	18.80	22.65
20-Mar-25	20.30	23.00
21-Aug-24	19.50	21.65
22-May-24	21.40	26.80
22-Mar-24	26.00	23.55
29-Jan-24	25.60	21.55
05-Dec-23	27.00	20.95
13-Sep-23	26.30	20.65
22-Aug-23	29.40	20.80

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