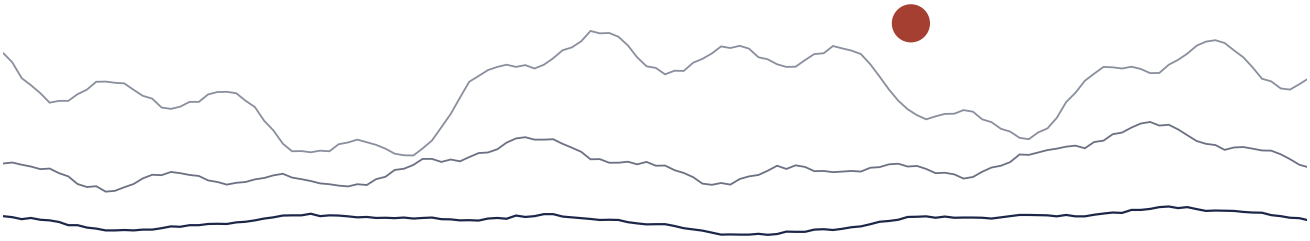
Motomeru Strategies

EQUITY RESEARCH | INITIATION REPORT

Jardine Matheson Holdings

Central Hong Kong property, Asian hotels and Southeast Asia's largest conglomerate, bought at a double discount and read as a long-term private stake



REVIEW TYPE	Initiation: first review of this company
SECURITIES	J36, Singapore Exchange (US$) \| JAR, London Stock Exchange (US$) | JMHLY and JARLF, US OTC
PREPARED BY	Motomeru Strategies Inc. | Jordan Hiebert, BBA, CFA, Principal
REPORT DATE	October 2026
INFORMATION AS AT	Share price October 20, 2026. Interim results for January–June 2026 (published July 30, 2026), Investor Day (June 16, 2026) and the investor call of October 15, 2026
OUR VIEW	Modestly undervalued for patient capital. At US$57.41 our base case returns about 13% a year against a 10.4% required return, but only if the discount narrows a little
CLASSIFICATION	Final. General information; not investment advice. The author personally holds JMHLY (see disclosures).

ABOUT THIS REPORT

Profit by business, net debt, parent cash flow, targets and board composition come from the company's 2026 half-year analyst presentation, Investor Day deck and October 15 call slides. Other figures come from public sources available on October 20, 2026. Figures marked EST are our estimates; the yellow inputs in the accompanying model are the assumptions to test.

INVESTMENT SUMMARY

The share price buys Jardine's slice of Hongkong Land's asset value; the rest of the group comes almost free

Jardine Matheson is a Bermuda-incorporated holding company, founded in 1832 and led by the fifth generation of the Keswick family. It controls Hongkong Land (Central Hong Kong and Singapore offices), Mandarin Oriental (hotels), DFI Retail (Asian retail), Jardine Pacific (engineering, construction, restaurants and motors) and Jardine Cycle & Carriage, which owns half of Indonesia's Astra.

At US$57.41 (October 20, 2026) the shares trade 41% below book value of US$97 and 32% below our sum of the parts at market prices (US$85).

What supports the value

- **A double discount on trophy property.** Hongkong Land trades 44% below its own NAV and Jardine trades 32% below its holdings. Jardine's share of Hongkong Land's NAV alone is about US$59 a share, slightly more than the share price.
- **Cash that covers the dividend about twice.** Parent free cash flow was US$933m in 2025 and US$709m in the first half of 2026. The dividend yield is 4.3%, with growth of at least 5% a year promised to 2030.
- **A new owner's mindset.** CEO Lincoln Pan (ex-PAG, since December 2025) has set a 9% return target, an 11% hurdle for new money and a sell list.
- **Return above the hurdle in our base case.** About 13.0% a year to 2029 (NAV US$102, 25% exit discount, plus dividends) against 10.4% required. The hurdle price is about US$62.

What tempers our view

- **Indonesia drives earnings.** Astra is 46% of profit, and the rupiah is near record lows.
- **A weak record.** Five-year return is 4.4% a year, under half the target.
- **The discount has to narrow.** If it stays at 32%, the return is about 9.8%, just under the hurdle.
- **From buybacks to deals.** I-MED (US$2.4bn) is the first large acquisition in years.

OUR VIEW

Modestly undervalued

Return clears the hurdle if the discount narrows a little

Share price (US$)	**57.41**
Book value / share (US$)	**97**
Discount to book	**−41%**
Market sum of parts (US$) EST	**85**
Discount to market SOTP	**−32%**
Asset-value SOTP (US$) EST	**114**
Expected return, % a year	**13.0%**
Required return	**10.4%**
Market cap (US$ bn)	**16.8**
2026 EPS guidance (US$)	**5.50–5.65**
P/E on guidance midpoint	**10.3x**
Dividend 2026E (US$)	**≥2.47**
Real assets, % gross EST	**~49%**
Profit from Indonesia	**47%**

Price: Singapore Exchange (J36), October 20, 2026. Book: US$28,516m at June 30 over 293.1m shares.

PRIMER | HOW THE HONG WAS BUILT

From Canton opium trader to Hong Kong's original landlord

"Hong" first meant the licensed merchant houses of Canton, the only port open to Western trade after 1757. Foreigners had to deal through their guild, the Cohong, from warehouses outside the city walls. The foreign trading firms beside them took the same name. Jardine Matheson is among the oldest still operating.

YEAR	WHAT HAPPENED	WHAT IT LEFT IN TODAY'S GROUP
1832	William Jardine, a former ship's surgeon, and James Matheson form the firm in Canton. Its Chinese name, Ewo (怡和, "happy harmony"), is borrowed from the hong of Howqua, the leading Cohong merchant.	The name Ewo, still used across the group
1830s	The main trade is Indian opium sold into China against an imperial ban, alongside tea and silk.	The founding capital, and a reputation it still carries
1839–42	Lin Zexu destroys about 20,000 chests of opium. Jardine lobbies Lord Palmerston in London for war. The Treaty of Nanking (1842) abolishes the Cohong, opens five ports including Shanghai, and cedes Hong Kong Island.	Hong Kong as the group's base
1841–44	Jardine's buys East Point at Hong Kong's first land sale and moves its head office there by 1844.	East Point is now Causeway Bay, home of One Causeway Bay
1855	William Keswick, grandson of Jardine's sister, arrives. Six generations of Keswicks follow.	The family that still leads the group
1889	Taipan James Johnstone Keswick and Paul Chater found Hongkong Land and reclaim about 65 acres of harbour for Central.	Hongkong Land's Central portfolio, about a third of gross assets
1949–50s	The group loses its mainland businesses and rebuilds from Hong Kong into Southeast Asia.	Only 5% of profit from mainland China today
1984–94	Ahead of 1997, Jardine moves its domicile to Bermuda (1984), angering Beijing, and delists from Hong Kong (1994).	A Bermuda company listed in London and Singapore, not Hong Kong
2021–26	Buys out Jardine Strategic and Mandarin Oriental, hires an outside CEO, agrees to buy I-MED.	The simpler structure and the reset described in this report

Why it matters to a holder today

The best assets are inheritances: Jardine's own taipan built Central, and Causeway Bay was its first plot. The same history feeds the discount. A British hong with an opium past, domiciled in Bermuda and absent from Hong Kong's market, is not a natural holding for local investors.

Reading the history plainly

The founding wealth came from a banned trade that caused great harm, and the partners pressed Britain into war to protect it. That still shapes how the group is seen in China. It does not change our numbers.

Sources: Wikipedia (Jardines; William Jardine; William Keswick; Hongkong Land; Treaty of Nanking); Britannica (Canton system); R. J. Grace, *Opium and Empire* (2014); Industrial History of Hong Kong; SCMP (1984 move, 1994 delisting). Some dates differ by a year across sources.

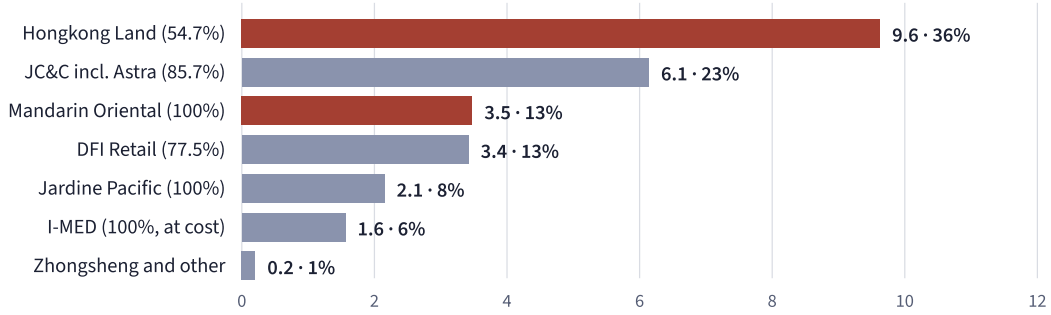
1 | WHAT YOU OWN

Five controlled businesses, a new healthcare platform, and Astra through JC&C

Jardine consolidates its subsidiaries, so group revenue (US$15.9bn in the first half of 2026) mostly reflects Astra's car, motorbike and heavy-equipment sales. We value the company the way we would a private holding: listed stakes at market price, unlisted businesses at our estimate, less parent debt and overheads. Mandarin Oriental has been wholly owned since its privatisation in January 2026.

About half of gross assets are Hong Kong property and hotels

Value by holding at market or our estimate, US$ bn, October 20, 2026 (gross assets US$26.6bn)



Brick red = real assets (property and hotels). Market values: Hongkong Land US$8.25, DFI US$3.26, JC&C S$23.20 at 1.28 S$/US$. Mandarin Oriental at the US$2.75 scheme value. Jardine Pacific at 10x run-rate profit EST. I-MED at the equity cost of US$1.56bn EST.

UNDERLYING PROFIT BY BUSINESS	H1 2025	H1 2026
Astra (via JC&C)	388	358
Hongkong Land	124	140
Jardine Pacific	67	102
DFI Retail	60	90
JC&C excluding Astra	45	45
Mandarin Oriental	21	12
Corporate and other	(29)	(12)
Adjusted underlying profit, US$m	**676**	**735**

Jardine Matheson 2026 half-year analyst presentation; 2025 adjusted for disposals and the Zhongsheng reclassification. Jardine Pacific 2026 includes a US$24m one-off lease gain.

Value and profit point in different directions

By value, Hongkong Land and Mandarin Oriental are about half the portfolio. By profit, Astra is 46% and Indonesia is 47% of the group. Profit by geography: Indonesia 47%, Hong Kong and Macau 27%, other Southeast Asia 16%, mainland China 5%, rest of world 5%.

So the share price moves with Astra's earnings and the rupiah, while the asset value rests on Central Hong Kong. That gap explains much of the discount, and it is where the opportunity lies.

Profit split: Investor Day, June 16, 2026 (2025 PATAM).

2 | THE REAL ASSETS, LOOKED THROUGH

The market is paying for Central Hong Kong and getting the rest of Asia free

A dollar of Hongkong Land asset value costs about 38 cents through Jardine

US$ paid per US$1 of Hongkong Land NAV (NAV 30 Jun 2026; prices mid-Oct 2026)



Hongkong Land NAV US$14.71 a share at June 30, 2026; share price US$8.25 (October 16). Jardine discount to our market sum of the parts 32% EST.

Hongkong Land: about 36% of gross assets

- **What it is:** a connected portfolio of prime offices and luxury retail in Central, Hong Kong, plus stakes in Singapore's Marina Bay. Total equity was US$31.4bn at June 30, 2026, with net debt of US$3.4bn (gearing about 11%).
- **The cycle has turned:** Central valuations rose at the end of 2025 for the first time since 2019, and again by 3% in the first half of 2026. Committed Central vacancy was 6.0% at year-end 2025. JLL forecasts Central Grade A rents up 10–15% in 2026.
- **Capital recycling:** Hongkong Land has recycled US$3.7bn, 93% of its US$4bn target for 2027, mostly out of build-to-sell housing. It spent over US$150m on buybacks in the first half.
- **Our look-through:** Jardine's 54.7% of NAV is worth US$17.2bn, about US$59 per Jardine share. At market it is US$9.6bn.

Mandarin Oriental: about 13%

Owned hotels in Hong Kong and other gateway cities, plus a management business that is growing (five new contracts in the first half). Jardine bought the last 12% at US$3.35 a share, including a US$0.60 special dividend funded by selling floors of One Causeway Bay to Alibaba and Ant Group for US$925m. Mandarin Oriental's own owned-hotel profit fell in the first half because of the Hong Kong renovation closure.

Natural resources inside Astra

Astra's Mining Solutions and Heavy Equipment arm (through United Tractors) includes coal contracting and mines and the Martabe gold mine, which restarted in May 2026. Astra also owns palm oil plantations and toll roads. We count none of this as real assets in our 49% figure; Astra trades at about 0.66x book.

> **The catch**
> Hong Kong property valuations rely on HKL's own appraisals, and the HK dollar peg imports US interest rates. With the US 10-year near 5.1%, cap rates have little room to fall. The NAV is a margin of safety, not a forecast.

HKL 2025 and H1 2026 results; JLL Hong Kong 2026; Jardine H1 2026 presentation; Mandarin Oriental scheme documents; GuruFocus (Astra).

3 | SUM OF THE PARTS

Market sum of the parts of US$85 a share; US$114 with listed stakes at their own asset value

We use three lenses. Book value (US$97) is consolidated equity attributable to shareholders and carries Hongkong Land's properties at appraised value. Our market sum of the parts marks every listed stake at its share price. The asset-value view replaces Hongkong Land and JC&C prices with their own reported NAVs.

COMPONENT, US$M	AT MARKET	% GROSS	AT ASSET VALUE	US$/SHARE	BASIS
Hongkong Land (54.7%)	9,626	36%	17,163	58.6	NAV US$14.71 (Jun 30)
JC&C incl. 50.1% of Astra (85.7%)	6,139	23%	7,112	24.3	NAV US$21 (Jun 30)
DFI Retail (77.5%)	3,419	13%	3,419	11.7	Market both columns
Mandarin Oriental (100%)	3,473	13%	3,473	11.9	US$2.75 scheme value
Jardine Pacific incl. Gammon (100%)	2,150	8%	2,150	7.3	10x run-rate profit US$215m EST
I-MED (100% equity)	1,560	6%	1,560	5.3	At cost, 65% of A$3.4bn EV EST
Zhongsheng and other	200	1%	200	0.7	DBS estimate EST
Gross assets	**26,567**	**100%**	**35,078**	**119.7**	
Parent net debt, end-2026E (after I-MED) EST	(984)		(984)	-3.4	Model cash flow
Gammon deferred consideration	(220)		(220)	-0.8	Two GBP83.3m tranches
Capitalised overheads (US$55m at 10%) EST	(550)		(550)	-1.9	
NAV per share, US$	**84.7**		**113.7**		
Share price discount	−32%		−50%		At US$57.41

Checking the screen's estimate

Our earlier screen put Jardine about 38% below book, using an assumed 290m shares and a July price of US$61–63. With the actual 293.1m shares (after the October scrip issue) and June 30 shareholders' funds of US$28,516m, book is US$97.29 a share. At US$57.41 the discount is 41%. The estimate was close; the share count was nearly right and the price has since fallen.

Why not just use book?

Book counts Astra and DFI at accounting values that the market does not pay (Astra trades at about 0.66x book), but it also carries Hongkong Land at full appraisal. The market sum of the parts is the stricter test. Brokers' sum-of-the-parts NAVs are higher: DBS put NAV near US$120 in July 2026 and values the shares at a 25% discount (target US$90).

4 | VALUATION AND SCENARIOS

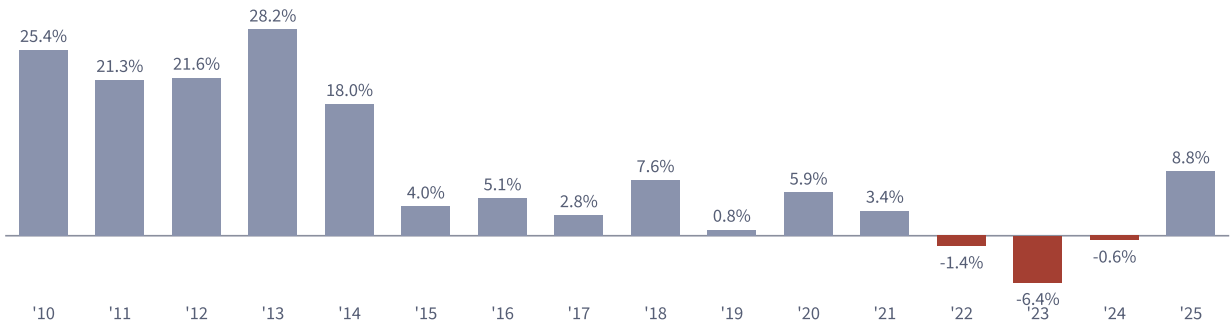
Cheap on assets and earnings, after ten years that explain why

SCENARIO (VALUE TODAY)	BEAR	BASE	BULL
Hongkong Land value change	−25%	0%	+15%
JC&C / Astra value change	−25%	0%	+15%
Other holdings value change	−15%	0%	+10%
Discount applied to market NAV	40%	25%	15%
NAV per share, US$	66	85	96
Value per share, US$	**39**	**63**	**82**
Versus US$57.41	−31%	+11%	+43%

The bear case is a Hong Kong office relapse plus an Indonesian downturn, with the discount widening to 40%. It costs about a third of the price. The bull case is Central rents recovering and Astra re-rating toward book, with a 15% discount. That is roughly what DBS assumes in its US$90 target.

A decade of weak returns before the reset

Jardine Matheson five-year total shareholder return, % a year, rolling, to December of each year



Source: Jardine Matheson Investor Day, June 16, 2026. The 2025 figure includes the 2025 rally; the five-year figure at June 30, 2026 was 4.4% a year.

On earnings

At guidance of US$5.50–5.65, the shares are on about 10.3x 2026 earnings with a 4.3% yield. Guidance was raised on October 13 from US$5.33 and is 3–6% above 2025 once that year is adjusted for disposals; reported 2025 EPS was US$5.72, near the 2023 peak of US$5.74. Earnings have gone sideways since 2011, while the dividend was never cut and rose in all but three years.

Why the record matters

From 2015 to 2024, five-year returns averaged under 3% a year. Capital went to buying back shares and minorities, not to new businesses. The 2026 reset is about changing that, which is the opportunity and the execution risk.

5 | RETURN VERSUS REQUIRED RETURN

At US$57.41 the base case clears the hurdle, but only if the discount narrows a little

REQUIRED RETURN (US$)	
US 10-year Treasury, Oct 19, 2026	5.1%
Beta EST × equity premium EST	0.85 × 4.5%
Country premium: HK, Indonesia, China EST	1.0%
Control, complexity and scrip EST	0.5%
Required return	**10.4%**

EXPECTED RETURN, BASE CASE	
Entry price, Oct 20, 2026	US$57.41
2029E NAV per share (model)	US$102
Exit at 25% discount	US$77
Dividends 2027–2029	US$7.89
Expected return, % a year	**13.0%**
Spread over required return	+2.5%

ANNUAL RETURN: HOLDINGS GROWTH × EXIT DISCOUNT	15%	20%	25%	30%	35%	40%	NAV 2029E
2% a year	14.2%	12.2%	10.2%	8.1%	5.9%	3.6%	94
5% a year (base)	17.1%	15.0%	13.0%	10.8%	8.5%	6.1%	102
8% a year	19.9%	17.9%	15.7%	13.5%	11.1%	8.6%	112

- **Hurdle price:** about US$62. Above that, the base case no longer earns 10.4%.
- **The discount carries the case.** The return equals the hurdle at a 31% exit discount. Today's 32% held to 2029 gives about 9.8%. A simple cross-check (yield 4.3% plus 5% EPS growth at a constant P/E) gives about 9.3%.
- **Management's own target is below our hurdle.** Jardine targets at least 9% a year. With US Treasuries at 5.1%, a US-dollar investor in Asian conglomerates should ask for more than that. The price, not the target, creates the margin.

Treasury par yield curve (5.15%, October 19, 2026); FRED DGS10 (5.09%, October 16). Beta, premium and country premium are our judgement. Sensitivity from the model's Return sheet.

6 | PRO FORMA, 2026–2029

A parent-company model: dividends in, overheads and interest out, holdings at market

We model the parent rather than the consolidated group, because consolidated revenue is mostly Astra's car sales. Holdings are carried at market value, so equity equals our market NAV before capitalised overheads. The three statements tie: NAV rolls forward by profit less cash dividends and buybacks (check row = 0 in the model).

US$M	2025A	2026E	2027E	2028E	2029E
INCOME STATEMENT					
Recurring dividends received	970	1,030	1,082	1,136	1,192
I-MED dividends EST		0	0	40	50
Special dividends (Mandarin Oriental)		668	0	0	0
Corporate overheads	(37)	(58)	(55)	(55)	(55)
Net financing		10	(47)	(42)	(30)
Parent profit before value changes		**1,650**	**980**	**1,078**	**1,158**
Change in value of holdings (5% a year) EST		0	1,328	1,390	1,454
Net profit, NAV basis		1,650	2,308	2,468	2,612
CASH FLOW					
Capital recycling		250	600	600	600
Investments (Mandarin Oriental, I-MED, Gammon, new)		(2,089)	(610)	(610)	(500)
Dividends paid (cash after scrip)		(703)	(733)	(765)	(801)
Scrip taken instead of cash (28%)		197	205	214	224
Share buybacks		(330)	(350)	(250)	(250)
Net cash flow		**(1,025)**	**92**	**268**	**431**
Cash dividend cover (x)		1.9	1.9	2.0	2.0
BALANCE SHEET, 31 DEC (HOLDINGS AT MARKET)					
Total holdings		26,567	27,795	29,085	30,439
Parent net cash / (debt)	41	(984)	(892)	(625)	(193)
NAV before capitalised overheads		**25,362**	**26,793**	**28,460**	**30,246**
Shares in issue (m)		293.1	290.7	290.1	289.7
NAV per share after overheads (US$)		84.7	90.3	96.2	102.5
Dividend per share declared (US$)		2.47	2.59	2.72	2.86

2025A from the 2025 results (parent FCF US$933m; net corporate cost US$37m; parent net cash US$41m). 2026E uses first-half actuals: US$668m special dividend from Mandarin Oriental, US$419m to buy out its minorities, and an assumed Q4 completion of I-MED, with US$1.56bn of equity from the parent EST. From 2027E: dividends received grow 5%, US$600m a year recycled and US$500m reinvested (management's "≥US$4bn recycled to 2030"), buybacks of US$350m then US$250m, 4.75% on parent debt. All EST.

7 | GOVERNANCE, LEADERSHIP AND SUCCESSION

A family chair, an outside CEO, and a board that is now majority independent

DIRECTOR	ROLE	INDEPENDENT
Ben Keswick	Executive Chairman	No (family)
Adam Keswick	Executive Director	No (family)
Lincoln Pan	Chief Executive (since Dec 1, 2025)	No
Graham Baker	Chief Financial Officer	No
Stuart Gulliver	Former HSBC group chief executive	Yes
Keyu Jin	Economist	Yes
Janine Feng	Non-executive director	Yes
Ming Lu	Non-executive director	Yes
Tim Wise	Non-executive director	Yes

Board as shown at Investor Day, June 16, 2026. Five of nine are independent non-executives. Biographical notes are ours; check the 2025 annual report.

Management succession has happened

Lincoln Pan succeeded John Witt as CEO on December 1, 2025. He came from PAG, where he co-headed private equity, and before that Willis Towers Watson, Advantage Partners, GE Capital and McKinsey. He chairs DFI and sits on the boards of Hongkong Land and Astra. He committed to invest US$20m of his own money in Jardine shares in his first year and to take more than half his bonus in shares to 2030.

Ownership succession is quieter

The Keswicks describe the group as "fifth generation family-led". Two family members sit on the board, and family trusts take scrip dividends. Their economic stake is not clearly disclosed in what we could check; secondary sources put it between about 14% and 18%, which we could not confirm. The 2021 buyout of Jardine Strategic removed the cross-holding that once secured control.

Pay is tied to returns

The long-term incentive plan weights absolute five-year shareholder return at 70% (target 10% a year), profit from new businesses at 20% and budgeted 2030 profit at 10%.

A literary lens: the Buddenbrooks risk, not Lear

The usual threat to family holding companies is slow drift across generations, as in Mann's Buddenbrooks, not a sudden partition as in King Lear. Jardine has lived the drift: ten years of single-digit returns while the family kept control. The 2025–26 reset (an outside CEO, a smaller independent board, hurdle rates and a sell list) is the family's answer. The question for a long-term holder is whether it lasts beyond the first good year.

8 | CAPITAL ALLOCATION AND TRACK RECORD

From buying back its own shares to buying businesses

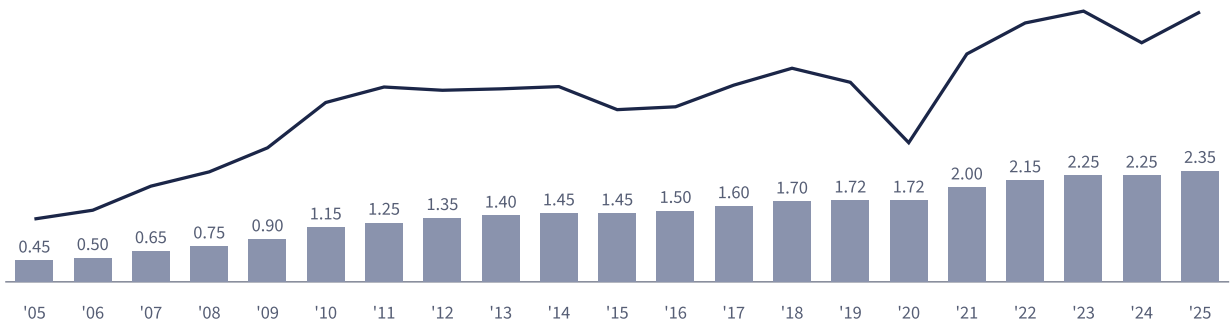
2030 OBJECTIVES (JUNE 2026)	PROGRESS TO H1 2026
Five-year TSR ≥9% a year	4.4% a year
Dividend growth ≥5% a year	Interim +8%; 2026 ≥US$2.47
Recycle ≥US$4bn	US$1.5bn recycled in H1
≥US$200m profit from new pillars	I-MED, Gammon
US$500m buyback to end-2027	Under way (daily purchases)
Hurdle for new money	>11%; divest below 7%

The deals so far

- **I-MED:** 215 imaging clinics in Australia and New Zealand, A$3.4bn (US$2.4bn) enterprise value at about 11.5x EBITDA, 65% equity and 35% I-MED debt. FY2026 EBITDA A$283m.
- **Gammon:** the other 50% from Balfour Beatty for GBP250m (US$330m), about 6.6x 2026 earnings, paid in three tranches to 2028.
- **Exits:** Vinamilk (US$188m), Toyota Motor (US$146m), Zhongsheng (US$135m), part of One Causeway Bay (US$925m at Mandarin Oriental).

The dividend has not been cut since 2005; earnings went sideways after 2011

Dividend per share (bars) and underlying EPS (line), US$, 2005–2025



Source: Jardine Matheson Investor Day, June 16, 2026. Over 2021–25, US$8.5bn went into Jardine's own shares and minorities (US$5.5bn of it to privatise Jardine Strategic); the company says almost nothing went into new businesses.

Our read

The framework is sound and the targets are measurable, which is new for Jardine. I-MED at 11.5x EBITDA is a fair price, not a bargain, for a business outside Jardine's history. We would judge the reset by three things over the next two years: whether recycling reaches the target, whether I-MED earns above 11%, and whether buybacks continue while the shares trade far below NAV.

8 | CAPITAL ALLOCATION, CONTINUED: WHY IT IS OVERLOOKED

Covered in Asia, under-owned in North America, and priced for its past

Jardine is not ignored by the sell-side. DBS, Macquarie and Morgan Stanley publish on it, and it raises debt in public markets. It is still overlooked by North American investors, for reasons that have little to do with what it owns.

- **Hard to hold from North America.** The OTC lines are thin (JMHLY roughly 10,000–17,000 shares a day across data sources; JARLF a few hundred). Most liquidity is in Singapore, which many North American retail platforms do not offer.
- **Hard to classify.** It is a Bermuda company, listed in London and Singapore, run from Hong Kong, earning most of its profit in Indonesia. It fits no single country fund or benchmark, and the company itself says it has "no obvious relative benchmark".
- **Layers of discount.** Hongkong Land, Astra and Jardine itself each trade below asset value. Generalists see a "value trap" and move on.
- **The record.** Five-year returns were negative from 2022 to 2024. Investors who left have not come back for a strategy only months old.
- **Hong Kong and China risk.** Most global funds cut Hong Kong exposure after 2019–22, even though mainland China is only 5% of Jardine's profit.

> **Why that suits a patient holder**
>
> A family-led owner that has stopped issuing equity for deals, pays a growing dividend, and buys back stock below NAV is a natural fit for long-term capital. The neglect sets the entry price. The asset base behaves more like a private holding than a traded stock.

> **The other side**
>
> Neglect also means no marginal buyer. Jardine's discount has persisted for over a decade under a structure that protects management from outside pressure. Our base case therefore assumes only modest narrowing, from about 32% to 25%.

MarketBeat, SoFi, GuruFocus and Google Finance (JMHLY volume, varying windows); Yahoo Finance (JARLF); MarketScreener (J36, 20-session average volume about 550,000 shares); Jardine Investor Day.

8 | CAPITAL ALLOCATION, CONTINUED: A PRIVATE-FUND LENS

As a fund, Jardine is cheap to run and priced like a secondary

In private real estate fund terms, Jardine is a perpetual, evergreen vehicle. The Keswick family and management act as general partner and public shareholders as limited partners, with no fund term, capital calls or redemption queue. You exit by selling to another investor, which is a secondary.

FUND CONCEPT	JARDINE EQUIVALENT	FIGURE
Target net return	Five-year TSR target	≥9% a year
Hurdle / hold-sell test	Minimum return on new investments / sell below	>11% / <7%
Realisations	Capital recycling to the parent, 2026–30	≥US$4bn
Distributions (cash yield)	Dividend, growing ≥5% a year	4.3% at US$57.41
Management fee	Parent net overheads (H1 2026 annualised)	≈US$58m · 0.23% of market NAV EST
Carried interest	None; pay is shares tied to 5-year TSR	0%
Secondary price	Share price / NAV	68% of market NAV · 50% of asset NAV

What it costs to run

Net parent overheads were US$29m in the first half of 2026, about US$58m a year, or 0.23% of our market NAV and 0.17% of asset value. A typical value-add real estate fund charges 1–1.5% plus 15–20% carry over an 8% preferred return, often 2–3 points a year of gross return EST. Jardine costs about a tenth of that.

Where costs are heading

Jardine has cut parent headcount by about 47% since 2024 and targets a holding-company cost reduction of more than 15%. The first half went the other way: net overheads rose 20% as the investment team was hired. Once I-MED is paid for, the parent also pays interest again: about US$47m in 2027 in our model, taking total parent costs to roughly 0.4% of NAV.

Priced like a real estate secondary

Real estate LP interests traded at about 70–71% of NAV in 2025, the deepest discount of any private-markets strategy (Jefferies). Jardine trades at 68% of our market NAV and 50% of asset value, and Hongkong Land itself at 56% of its NAV. A secondary buyer gets that price because the seller needs liquidity; here it comes from neglect, and you can still sell any trading day.

How to own it in fund terms

Treat it as a secondary LP interest: size it for a five-to-ten-year hold, judge it on NAV and distributions, and add when the discount widens. Buybacks below NAV are the fund buying back LP units at a discount, lifting NAV per unit for those who stay.

Where the analogy breaks

Daily marks make it look more volatile than an appraised fund, there is no LPAC (the independent board is the nearest thing), and no end date forces the discount to close.

Jardine H1 2026 presentation and Investor Day. Fee norms are typical industry terms. Secondary pricing: Jefferies data via Angel Investors Network; Goldman Sachs Asset Management.

9 | OWNING IT: TRADING, LIQUIDITY AND TAX

Buy it in Singapore, in US dollars; the tax is simple

LINE	VENUE AND CURRENCY	LIQUIDITY	COMMENT
J36	Singapore Exchange, US$	About 550,000 shares a day (≈US$30m)	The main market. Use limit orders during Singapore hours.
JAR	London Stock Exchange, US$	Lower	Overlaps North American mornings.
JMHLY	US OTC, unsponsored ADR 1:1	Roughly 10,000–17,000 a day	Workable for small orders; spreads widen. Depositary fees apply.
JARLF	US OTC, ordinary shares	A few hundred a day	Avoid except with patient limit orders.

Canadian holders

- **No withholding.** Bermuda, Singapore and the UK levy no withholding tax on Jardine's dividends, so nothing is lost inside a TFSA or RRSP. That is a clear advantage over most foreign holdings, which lose 15% or more.
- **Taxed as foreign income.** In a taxable account the dividend is fully taxable as foreign income, without the gross-up and credit for Canadian dividends.
- **Scrip dividends.** Taking shares instead of cash is generally still taxable income at the share value. Check with an adviser.
- **Reporting.** Form T1135 applies if total foreign property costs more than C$100,000.

US holders

- **Ordinary-rate dividends, probably.** Bermuda has no US income tax treaty and Jardine is not on a US exchange, so dividends are likely non-qualified and taxed at ordinary rates. Dividend.com lists them as non-qualified.
- **PFIC.** Jardine owns controlling stakes in operating companies, and look-through rules for 25%-owned subsidiaries make PFIC status unlikely in our view. We found no company statement either way, so confirm with an adviser.
- **No foreign tax credit needed,** since nothing is withheld. An elective scrip is a taxable distribution.

> **Holding it like a private stake**
>
> The practical approach is to buy in the main market with limit orders when the spread is tight, take dividends in cash or scrip deliberately, and judge the position on NAV and dividend growth rather than the daily price.

Citi and Deutsche Bank depositary listings (JMHLY, unsponsored, 1:1); Dividend.com; general Bermuda, Canadian and US tax rules. This is not tax advice.

10 | CURRENCY: WHAT CANADIAN AND US HOLDERS SHOULD EXPECT

A US-dollar share price over rupiah earnings and Hong Kong dollar assets

Three layers of currency

- **The quote is in US dollars** on every exchange, and dividends are declared in US dollars. A US holder has no translation, and a Canadian holder takes the US-dollar move against the loonie.
- **The assets are mostly pegged.** Hongkong Land and Mandarin Oriental are largely Hong Kong dollar assets, pegged to the US dollar since 1983. About half of gross asset value behaves like US-dollar property.
- **The earnings are not.** Indonesia is 47% of profit, other Southeast Asia 16%, and I-MED adds Australian dollars. Astra's US-dollar profit fell 12% in the first half against 7% in rupiah.

The rupiah

The rupiah hit record lows in 2026, near 18,190 per US dollar in June, and was about 18,046 on October 19, down about 9% over a year. Bank Indonesia raised its rate to 5.5% in June and is intervening in spot and forward markets. A weaker rupiah cuts the US-dollar value of Astra's dividends, which reach Jardine through JC&C.

For a Canadian holder

At about 1.41 Canadian dollars per US dollar [EST], US$57.41 is about C$81. The base-case return in Canadian dollars:

US$ VS C$ TO 2029	−10%	−5%	0%	+5%	+10%
Return, % a year	9.3%	11.2%	13.0%	14.7%	16.4%

Our view on hedging

For a Canadian, the US-dollar exposure partly offsets equity risk, because the US dollar tends to rise in global sell-offs. The bigger risk is the rupiah, which cannot be hedged cheaply at the holder level. Size the position with Indonesia in mind rather than hedging.

USD/IDR: Trading Economics (October 19, 2026); Bank Indonesia transaction rates; The Star / Reuters (May 2026); East Asia Forum (July 2026). USD/CAD: one source shows 1.34 and others about 1.41; check a live quote.

10 | CURRENCY, CONTINUED: THE HONG KONG DOLLAR PEG

The peg turns Hong Kong property into a bet on US interest rates; breaking it is a risk, not a catalyst

How it works

Since October 1983 the Hong Kong dollar has been fixed near 7.80 to the US dollar, and since 2005 the HKMA has guaranteed a band of 7.75–7.85. It is a currency board: every Hong Kong dollar in the monetary base is backed by US-dollar reserves, about US$448bn at the end of July 2026, with backing of about 112% of the base. Hong Kong cannot set its own interest rates. HIBOR follows US rates, adjusted only by local liquidity.

The long-term effect on property

Hong Kong imports US monetary policy whether or not it suits the local economy. From 2009 to 2021 near-zero US rates fed a property boom. From 2022, US rate rises arrived just as China slowed and Hong Kong lost residents, and offices and homes went through six years of correction. Hong Kong property values therefore move with US real rates more than with Hong Kong's own cycle.

That pressure is live today. In mid-October 2026 the Hong Kong dollar was at the weak end of its band, the HKMA was buying it to defend the peg, and the resulting drain on interbank liquidity was pushing HIBOR up. For Hongkong Land, that means higher borrowing costs just as Central rents recover.

What a break would do

About 49% of Jardine's gross assets at market (Hongkong Land and Mandarin Oriental) is valued in Hong Kong dollars, and Hong Kong and Macau produce 27% of profit. Jardine reports and trades in US dollars, so any change in the peg passes straight through.

SCENARIO EST	MARKET NAV	IF PRICE FOLLOWS
HKD devalues 20%; HK property flat in HKD	−11%	−16%
HKD devalues 20%; HK property +10% in HKD as local rates fall	−6%	−9%
Peg holds; US rates fall, HK property +10%	+5%	+8%
Peg holds; rates stay high, HK property −10%	−5%	−8%
HKD revalues 10% (e.g. toward a strong renminbi)	+5%	+8%

Change in Jardine's US-dollar market NAV from Hongkong Land and Mandarin Oriental only. Other holdings and Hongkong Land's debt mix are held constant.

> **How we would think about it**
>
> A break is far more likely in a crisis, as a devaluation, than as a revaluation. In that case a US-dollar holder loses on translation, and real assets only partly make it back as local rents and prices reprice in a cheaper currency. The realistic upside catalyst is simpler: lower US rates feeding through to HIBOR and cap rates while the peg holds. We treat a de-peg as a tail risk with a low probability, given US$448bn of reserves and Beijing's interest in Hong Kong as a dollar financial centre.

HKMA Exchange Fund Advisory Committee, Currency Board Sub-Committee report (June 2026); reserve and backing figures via market summaries (July 2026); The Standard and market commentary on the weak-side test and HIBOR (October 2026); VoxChina and ANZ via FXStreet on peg credibility.

11 | MACRO CONTEXT

Hong Kong property is turning, Indonesia is the swing factor, and US rates set the price of both

Hong Kong: the office cycle has turned

After six years of falling rents, Central is leading. JLL raised its 2026 Central Grade A rent forecast to 10–15% and reported Central vacancy at 8.0% in July. Cushman & Wakefield reported the most new leasing in a quarter since 2019 in Q3. Hongkong Land booked a US$349m fair-value gain in the first half after losses in 2025. Mid-grade offices outside Central are still under pressure.

Interest rates

The Hong Kong dollar peg imports US rates. With the US 10-year near 5.1%, property cap rates and financing costs have little room to fall. That limits how far Hong Kong property values can rise even as rents recover.

Mainland China

Only 5% of profit, after exits from Yonghui and Zhongsheng. Hongkong Land still has mainland development exposure it is winding down.

Indonesia: the swing factor

Growth is near 5%, but the rupiah is weak, fiscal pressure is rising, and policy risk is up, including plans reported by Caixin to bring coal and palm oil exports under state control. Astra's mining and heavy-equipment profit fell 46% in the first half on lower coal-related earnings, while its car and finance businesses grew 9% and 6%. Management expects headwinds for the rest of 2026.

Southeast Asia and Australia

JC&C's Vietnam businesses grew 21% in the first half. I-MED adds a stable, growing Australian healthcare business, which diversifies away from commodities and Indonesia.

Where Jardine sits

For a North American investor, Jardine is a way to own Asian consumption, infrastructure and Central Hong Kong without direct China exposure. It is not a defensive holding: in an Asian downturn the rupiah, Hong Kong property and the discount would likely all move against a holder at once.

JLL Hong Kong (August 2026 update and mid-year forecast); Cushman & Wakefield Hong Kong Q3 2026; Jardine and Astra H1 2026 results; Caixin (May 21, 2026); The Star / Reuters (May 18, 2026); East Asia Forum (July 6, 2026).

12 | KEY RISKS

RISK	WHAT COULD HAPPEN	EFFECT ON THE CASE
Indonesia and the rupiah	A deeper rupiah fall, coal weakness or export controls hit Astra	Earnings and dividends to the parent fall; JC&C value drops
Hong Kong property	The office recovery stalls or rates stay high	HKL NAV and the margin of safety shrink
Capital allocation	New deals earn below the 11% hurdle; buybacks slow	The discount stays wide or widens
Parent leverage	I-MED and new deals take the parent to net debt	Less room for buybacks; we estimate about US$1.0bn net debt at end-2026
Discount persists	No catalyst forces it to close	Return falls to about 9.8%, under the hurdle
Execution of the reset	A new CEO and team since late 2025	Targets slip; credibility fades
Scrip dilution	Family and others take shares instead of cash	Share count rises unless buybacks offset it
Geopolitics	US–China tension, Hong Kong sanctions risk	Global funds avoid Hong Kong-linked assets
Jardine Strategic appraisal	Former minority holders contest the 2021 buyout price of US$33 a share in a Bermuda court; the case will run at least another 12 months	A possible extra payment; the board has made no provision
US tax	Non-qualified dividends; PFIC not confirmed	Lower after-tax return for US holders

What would change our view

We would turn more positive if the discount to market NAV narrowed while recycling and I-MED returns met the targets, or if the price fell toward US$50 with the asset base intact. We would turn negative if Hong Kong office values fell again, if the parent took on debt for deals below the 11% hurdle, or if buybacks stopped while the shares trade far below NAV.

13 | CLOSING SUMMARY: THE CASE

Asian trophy assets at a double discount, with a new owner's discipline still to prove

What we found

1. **Asset value well above the price.** At US$57.41, the shares trade 41% below book (US$97), 32% below our market sum of the parts (US$85) and 50% below asset value (US$114).
2. **Real assets at a double discount.** Hongkong Land and Mandarin Oriental are about 49% of gross assets. Jardine's share of Hongkong Land's NAV alone, about US$59 a share, is slightly more than the share price. A dollar of that NAV costs about 38 cents.
3. **Earnings rest on Indonesia.** Astra is 46% of profit and Indonesia 47%. The rupiah and coal set the near-term earnings path, while Hong Kong property sets the asset value.
4. **Cash and the dividend are dependable.** Parent free cash flow covers the cash dividend about twice. The dividend has not been cut since 2005, and management commits to at least 5% a year to 2030.
5. **The governance reset is real but young.** An outside CEO since December 2025, five of nine directors independent, an 11% hurdle, a sell list and pay tied to a 10% return target.
6. **The return clears the hurdle with modest help.** The base case is about 13.0% a year to 2029 against 10.4% required, if the discount narrows to 25%. If it stays where it is, the return is about 9.8%. The hurdle price is about US$62.

Our case

For patient capital, Jardine offers something rare: Central Hong Kong offices, Asian hotels and a broad Southeast Asian consumer and infrastructure business, all bought below what the underlying assets are worth, with a growing US-dollar dividend paid while you wait. The asset value gives a margin of safety that does not depend on the reset succeeding. If the reset does succeed, with recycling on target, I-MED earning above its hurdle and buybacks continuing below NAV, the discount has room to narrow toward the 15–25% that brokers assume, and the return moves into the low to mid teens.

We are not saying the discount will close on its own. The bear case (about US$39) shows the cost of being wrong on Hong Kong and Indonesia at once.

OUR VIEW

Modestly undervalued for patient capital

Expected 13.0% a year vs 10.4% required; hurdle price about US$62; value range US$39–82

What to watch

Hongkong Land's Central rents and valuations; Astra's mining profit and the rupiah; I-MED returns; recycling against the US$4bn target; buyback pace; parent net debt.

SOURCES AND DISCLOSURES

1. Jardine Matheson 2026 Half-Year Results announcement and condensed financial statements (July 30, 2026): shareholders' funds, parent net cash, dividends, change in interests in subsidiaries, contingent liabilities. Jardine Matheson 2026 Half-Year Results analyst presentation (July 31, 2026): profit by business, net cash by business, parent cash flow, non-trading items, dividends to parent. Primary source.
2. Jardine Matheson Investor Day presentation (June 16, 2026): targets, hurdle rates, board, executive team, incentive plan, profit mix, TSR and dividend history, I-MED terms. Investor and analyst call slides (October 15, 2026): Gammon terms and 2026 EPS guidance.
3. Half-year results announcement (July 30, 2026) and 2025 results (March 2026) via Investegate, Josh Thompson, Minichart and Investing.com: shareholders' funds, parent FCF, dividends. Scrip and buyback notices via Investing.com, TipRanks and Kalkine (October 2026): 293,142,077 shares after scrip.
4. Prices: Singapore Exchange (J36, US$57.41, October 20, 2026); Investing.com (HKL, October 16); Growbeansprout and MarketScreener (DFI, October 13); ad-hoc-news (JC&C, October 20); GuruFocus (Astra). DBS research via Minichart and MarketScreener (stakes, Zhongsheng, NAV and target); Macquarie via MarketScreener.
5. Hongkong Land 2025 and H1 2026 results; JLL and Cushman & Wakefield Hong Kong office reports (2026); Mandarin Oriental scheme documents and investor page; SCMP, Mingtiandi and Yahoo Finance on I-MED; The Standard, RTTNews and Mingtiandi on Gammon; MarketScreener and Mingtiandi on Lincoln Pan.
6. FRED and US Treasury (10-year yield); FRED via MarketXLS (USD/SGD); Trading Economics and Bank Indonesia (USD/IDR); East Asia Forum, The Star/Reuters and Caixin (Indonesia).

DISCLOSURES

Prepared by Motomeru Strategies Inc. with AI-assisted research from public sources available on October 20, 2026. The company's half-year results announcement, analyst presentation, Investor Day deck and October 15 call slides were reviewed directly; other figures come from public summaries. Figures marked EST are estimates and every assumption is listed in the accompanying model. **As of October 20, 2026, the author, Jordan Hiebert, personally holds Jardine Matheson Holdings through the US ADR (JMHLY). Motomeru Strategies Inc. holds no position.** Readers should assume the author may benefit from a rise in the share price. Neither the author nor Motomeru Strategies Inc. receives compensation from the company. This report sets out our view as general information and is not tailored to any reader's circumstances. It is not investment, tax or legal advice and is not an offer to buy or sell any security.