



Langham Hospitality Investments And Langham Hospitality Investments Limited

1Q 2021

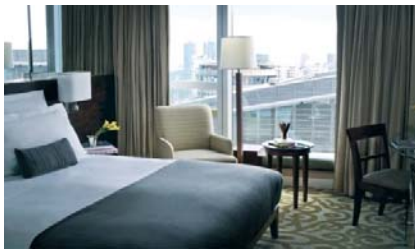
THE LANGHAM

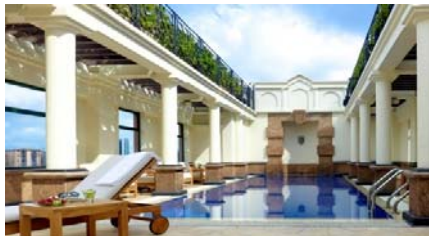
HONG KONG



CORDIS

HONG KONG
AT LANGHAM PLACE





Key investment highlights of the Trust Group

1

The hotels are strategically located on the Kowloon Peninsula in Hong Kong

- ✓ Close proximity of key tourist and shopping belts, existing and expanding commercial districts
- ✓ Easily accessible via major roads, MTR stations, the Hong Kong International Airport and rail to mainland China

2

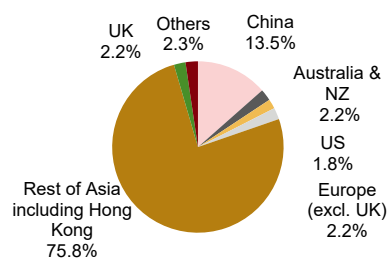
High quality portfolio with a balanced mix of room and non-room revenue

- ✓ Wide range of non-room revenue sources including food and beverage, banquet services, meeting and conference facilities and spa facilities
- ✓ Award-winning restaurants (Michelin star-rated) and quality conference spaces

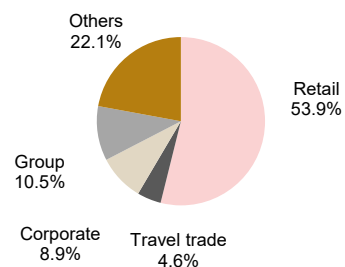
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Customer base in terms of geography and customer segments

2020 customer base
(by geography)



2020 customer base
(by segment)



4

Managed under the internationally recognised Langham brands by the hotel manager, which has presence across four continents

- ◆ Our hotels are managed by **Langham Hotels International Limited**, a wholly-owned subsidiary of Great Eagle

- ✓ Has an operating track record of over 20 years
- ✓ It currently manages a portfolio of over 20 hotels located in major cities over four continents, including:



The Langham,
London



The Langham,
Shanghai,
Xintiandi



The Langham,
New York,
Fifth Avenue



The Langham,
Melbourne

Difficult environment for the hotel sector in 2020



Notes:

1. Based on statistics published by the Hong Kong Tourism Board

Highlights of 2020 Final Results

RevPAR dropped significantly in 2020

- RevPAR for the Trust Group's hotels dropped by 79.6%
- After accounting for government subsidies received, total revenue of the hotels dropped by 56.5%
- Portfolio generated a gross operating loss of HK\$13.2 million

Trust Group incurred a loss before exceptional items

- Total rental income dropped by 57.0%
- Net property income dropped by 59.9%
- Loss *excluding* exceptional items* was HK\$20.1 million

No distribution declare for 2020

Given the negligible distributable income of the Trust Group in 2020, the Board of Directors recommended not to declare a distribution for 2020

Outlook

We believe there are still too many uncertainties as to gauge when a sustainable recovery of the Hong Kong hospitality sector will eventually take hold. At the same time, the Hong Kong government rolled back some relief measures which will weaken the hotel's financial performance at the start of 2021

* Items including fair value of investment properties and derivative financial instrument

2020 Final Results

Hotels operating performance for 2020

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	2020	2019	2020	2019	2020	2019	2020	2019
The Langham, Hong Kong	498	497	16.3%	75.3%	1,342	1,955	219	1,472
Cordis, Hong Kong	667	667	22.5%	73.1%	1,165	1,656	262	1,210
Eaton HK	465	465	37.4%	71.6%	543	950	203	679
Y-o-y growth in 2020	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	-59.0		-31.4%		-85.1%		-53.0%	
Cordis, Hong Kong	-50.6		-29.6%		-78.3%		-53.6%	
Eaton HK	-34.2		-42.8%		-70.1%		-13.6%	
Respective markets								
High Tariff A Hotels	-50.0		-18.4%		-73.6%			
High Tariff B Hotels	-34.0		-38.7%		-65.1%			

2020 Final Results

	2020	2019	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	225.0	225.0	-
Variable Rental Income	-	325.4	-100.0%
Rental Income from retail shops	2.0	1.7	+17.6%
Total Rental Income	227.0	552.1	-58.9%
Services Fees (Including hotel management fee)	(18.7)	(68.2)	-72.6%
Total Rental Income for the Trust Group after services fees	208.3	483.9	-57.0%
Property operating expenses	(28.4)	(35.6)	-20.2%
Net Property Income	179.9	448.3	-59.9%



2020 Final Results

	2020	2019	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	179.9	448.3	-59.9%
Interest and other income	2.0	2.4	-16.7%
Change in fair value of investment properties	(2,722.3)	(2,788.4)	- 2.4%
Change in fair value of derivative financial instruments	(90.4)	(14.9)	+506.7%
Trust and other expenses	(21.3)	(13.4)	+59.0%
Finance cost	(174.6)	(220.2)	-20.7%
Loss before tax	(2,826.7)	(2,586.2)	+9.3%
Income tax	(6.1)	(48.5)	-87.4%
Loss attributable to holders of Share Stapled Units	(2,832.8)	(2,634.7)	+7.5%
(Loss)/Profit excluding Fair Value change of Investment Properties and derivative financial instruments	(20.1)	168.6	-111.9%



2020 Final Results

Adjustment to Distributable Income:	2020	2019	
	(HK\$ mn)	(HK\$ mn)	Change
Loss attributable to holders of share stapled units for the period	(2,832.8)	(2,634.7)	+7.5%
Hotel management fee and licence fee paid in share stapled units	15.9	54.7	-70.9%
Loan front-end fee amortisation	11.3	26.1	-56.7%
Deferred tax	5.9	30.0	-80.3%
Cash contribution to FF&E reserve	(8.8)	(20.3)	-56.7%
Change in fair value of investment properties	2,722.3	2,788.4	-2.4%
Change in fair value of derivative financial ins.	90.4	14.9	+506.7%
Depreciation	1.8	-	n.a.
Distributable income to Share Stapled Unitholders	6.0	259.1	-97.7%
Distribution per unit (HK\$)	-	0.121	- 100.0%



2020 Finance cost

	2020	2019	
	(HK\$ mn)	(HK\$ mn)	Change
Interest expense on floating bank loan	(122.2)	(202.0)	-39.5%
Loan front-end fee amortisation	(11.3)	(26.1)	-56.7%
Interest income/(expense) on interest swap	(41.1)	7.9	-620.3%
Total Finance cost	(174.6)	(220.2)	-20.7%
Cash Finance cost	(163.3)	(194.1)	-15.9%
Cash Interest rate	2.54%	2.71%	



Balance sheet

Financial position

- The hotel properties were revalued at HK\$14,802 million. Net Asset Value attributable to share stapled unit holders was HK\$2.52 per unit
- As at 31 December 2020, the Trust Group's gearing was 42.6%
- Interest coverage plunged to little over 1X in 2020
- As at 31 December 2020, total outstanding borrowings was HK\$6,417 million
- Based on the current financial circumstances of the Trust Group, the Group raised HK\$1,019.1 million through its Rights offering in the third quarter of 2020 as a preemptive measure. Majority of the proceeds were utilised for the partial repayment of the outstanding debt. As long as the requirements of the mitigation mechanism are satisfied, the financial covenants will not be considered as breached

Interest rate swap contracts

- ✓ The Trust Group held HK\$5,700 million notional worth of interest rate swap (IRS) contracts as at the end of 2020
- ✓ Of the HK\$5,700 million of interest rate swap (IRS) contracts above, HK\$2,500 million notional worth of IRS contracts will expire by April 2021
- ✓ Weighted average swap rate is 1.49% on the remaining HK\$3,200 million of interest rate swap (IRS) contracts which will expire between June 2022 to October 2023