



Langham Hospitality Investments And Langham Hospitality Investments Limited

3Q 2021

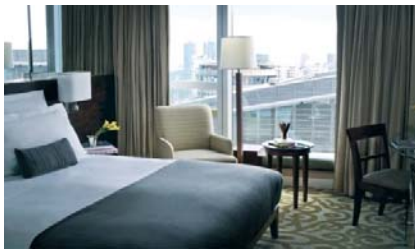
THE LANGHAM

HONG KONG

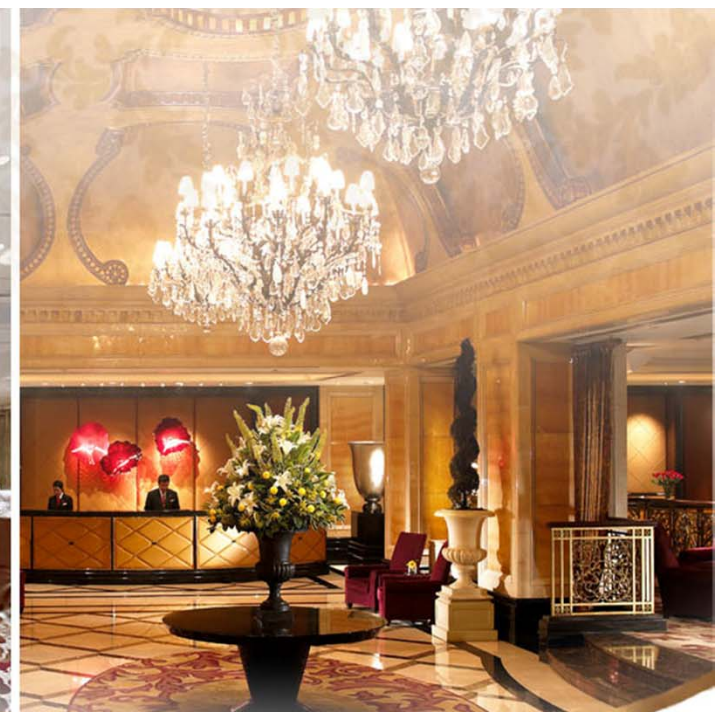


CORDIS

HONG KONG
AT LANGHAM PLACE







2021 Interim Results

Summary of 2021 Interim Results

Occupancy improved due to low base last year

- RevPAR for the Trust Group's hotels rose by 6.4% driven by higher occupancy.
- Portfolio F&B revenue rose by 20.9%, due to partial and on-going relaxation of government-imposed social distancing measures.

Turned a small profit after excluding exceptional items

- Total rental income under IFRS 15 decreased by 1.1%.
- Finance cost declined by 35.2% on primarily lower interest rates followed by a reduction in outstanding loans.
- Profit *excluding* exceptional items* was HK\$19.9 million.

No Distribution for the first half of 2021

- For the first half of 2021, there was only a small distributable income.
- Therefore, no distribution will be declared for the period.

Outlook

- The pandemic will not only affect our hotel business in the short term, but will also have long-term implications.
- After the government rolled out consumption vouchers this month, the hotel manager will continue to focus on business targeted at local residents, and so far, there has been a pick up in both staycations and F&B businesses.

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

2021 Interim Results

Hotels operating performance for 1H 2021

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020
The Langham, Hong Kong	498	498	20.6%	14.4%	1,137	1,490	235	214
Cordis, Hong Kong	667	667	26.2%	19.5%	1,008	1,293	264	252
Eaton HK	465	465	35.9%	30.1%	522	584	188	176
Y-o-y growth in 1H 2021	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	+6.2		-23.7%		+9.8%		+24.7%	
Cordis, Hong Kong	+6.7		-22.0%		+4.8%		+16.6%	
Eaton HK	+5.8		-10.6%		+6.8%		+22.9%	
Respective markets								
High Tariff A Hotels	+15.0		-15.7%		44.7%			
High Tariff B Hotels	+17.0		+0.8%		46.3%			
All Hotels	+17.0		-8.4%		31.7%			

Note:

The Langham and Cordis are classified as Tariff A hotels, whereas the Eaton is classified as a Tariff B hotel.

2021 Interim Results

	1H 2021	1H 2020	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	111.6	111.9	-0.3%
Variable Rental Income	-	-	-
Rental Income from retail shops	1.0	1.0	-
Total Rental Income	112.6	112.9	-0.3%
Services Fees (Including hotel management fee)	(8.9)	(8.0)	11.3%
Total Rental Income for the Trust Group under IFRS 15*	103.7	104.9	-1.1%
Property operating expenses	(11.2)	(15.3)	-26.8%
Net Property Income	92.5	89.6	3.2%

* From 2018, the Trust Group has applied International Financial Reporting Standard 15 ("IFRS 15"), which requires service fees to be netted off from Total Rental Income. While the application of IFRS 15 has resulted in a change in the presentation of Total Rental Income, it does not impact the Group's Net Property Income.



2021 Interim Results

	1H 2021	1H 2020	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	92.5	89.6	3.2%
Interest and other income	0.9	0.7	28.6%
Decrease in fair value of investment properties	(553.7)	(1,941.6)	-71.5%
(Decrease)/Increase in fair value of derivative financial instruments	24.3	(82.3)	129.5%
Trust and other expenses	(7.0)	(6.9)	1.4%
Finance cost	(60.0)	(92.6)	-35.2%
Loss before tax	(503.0)	(2,033.1)	-75.3%
Income tax	(6.5)	(4.0)	62.5%
Loss attributable to holders of Share Stapled Units	(509.5)	(2,037.1)	-75.0%
(Loss)/Profit excluding Fair Value change of Investment Properties and derivative financial instruments	19.9	(13.2)	250.8%



2021 Interim Results

Adjustment to Distributable Income:	1H 2021	1H 2020	
	(HK\$ mn)	(HK\$ mn)	Change
Loss attributable to holders of share stapled units for the period	(509.5)	(2,037.1)	-75.0%
Hotel management fee and licence fee paid in share stapled units	7.5	6.7	11.9%
Amortisation of debt upfront fee	5.6	5.6	-
Depreciation	1.0	1.0	-
Deferred tax	6.3	3.8	65.8%
Cash contribution to FF&E reserve	(4.3)	(3.9)	10.3%
Change in fair value of investment properties	553.7	1,941.6	-71.5%
Change in fair value of derivative financial ins.	(24.3)	82.3	231.9%
Distributable income to Share Stapled Unitholders	36.0	0.0*	n.m.
Distribution per unit (HK cents)	-	-	n.m.

* Distributable income came to HK\$36,000 for the first half of 2020



1H 2021 Finance cost

	1H 2021	1H 2020	
	(HK\$ mn)	(HK\$ mn)	Change
Interest expense on floating bank loan	(30.4)	(81.6)	-62.7%
Amortisation of loan upfront fee	(5.6)	(5.6)	-
Interest paid on fixed interest rate swap	(24.0)	(5.4)	344.4%
Total Finance cost	(60.0)	(92.6)	-35.2%
Cash Finance cost	(54.4)	(87.0)	-37.5%
Cash Interest rate	1.70%	2.41%	

Loan with Floating vs. Fixed interest rate as at the end of June 2021			
HK\$3,217 million	Floating rate base on HIBOR+ all-in interest spread of 0.98% p.a.		
HK\$3,200 million	Fixed rate at 2.29% (using interest rate swaps at 1.31% p.a.)		
Total HK\$6,417 million loan outstanding			



Balance sheet

Financial position

- The hotel properties were revalued at HK\$14,270 million. Net Asset Value attributable to share stapled unit holders was HK\$2.36 per unit
- As at 30 June 2021, the Trust Group's gearing was 44.1%
- As at 30 June 2021, total outstanding borrowings was HK\$6,417 million
- The Group's loan matures in 2023
- After the completion of a rights issue in the third quarter of 2020 that raised a net proceed of HK\$1,019.1 million, HK\$810.0 million has been utilised for the partial repayment of outstanding loans in October 2020, HK\$41.0 million was placed in a designated bank account to satisfy other borrowing constraints in October 2020, and the remainder has been set aside for general working capital. 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\$3,200 million notional worth of interest rate swap (IRS) contracts as at the end of June 2021
- ✓ Implied a hedge ratio of 50% on loans outstanding
- ✓ Weighted average swap rate is 1.31% on the HK\$3,200 million of interest rate swap (IRS) contracts which will expire between June 2022 to October 2023