



2024 INTERIM RESULTS

LANGHAM
HOSPITALITY INVESTMENTS

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HIGHLIGHTS

Hotel Portfolio:

- Revenue per available room ("RevPAR") of HK\$1,400 per night was achieved for 1H 2024, which translated to a year-on-year growth of 8.1%.
- Our hotel portfolio recorded 7.2% growth in total revenue, showing a moderate improvement.
- The rise in operating costs outpacing the increase in revenue, the Hotels' aggregate gross operating profit before global marketing fee increase 2.4%, or HK\$5.5 million.

Trust Group:

- Net property income decreased by 20.0% year-on-year to HK\$180.9 million, mainly attributed to the adjustment in the profit-sharing percentage between the Trust Group and the lessee following a rent review conducted by an independent valuer in 2023 under the Master Lease Agreements for the market rental package of the Hotels starting from 1 January 2024. With the approval of the independent holders of Share Stapled Units, this profit -sharing percentage has now been reduced from 70% to 50%. Despite this change, the base rent remains unchanged.
- Net profit after tax for 1H 2024 was HK\$43.0 million. Excluding fair value changes of investment properties and derivative financial instruments and change related to settlement arrangement of Hotel Manager's Fees, a net profit of HK\$4.3 million in 1H 2024 was recorded, representing a year-on-year decrease of HK\$90.0 million, or -95.4%.
- After adjusting for other non-cash items, total distribution income amounted to HK\$34.0 million for 1H 2024. No interim distribution was declared.

HIGHLIGHTS (CON'T)

Trust Group (con't):

- Total finance costs increased to HK\$162.8 million in 1H 2024, representing a 48.7% increase over 1H 2023. This surge is primarily driven by a 21.2% hike in interest expense on bank borrowings, amounting to HK\$28.3 million, and a substantial 86.2% reduction in net interest income from interest rate swaps, which decreased by HK\$26.2 million.
- The average interest rate of our bank borrowings incurred by the Trust Group climbed to 5.4% per annum in 1H 2024, an increase of 1.1 percentage point as compared 1H 2023.
- As at 30 June 2024, valuation of the hotel portfolio rose to HK\$15,725.0 million (31.12.2023: HK\$15,662.0 million).
- Gearing ratio was lowered to 38.1% (31 Dec 2023: 38.3%).
- Net Asset Value (“NAV”) of the Trust Group amounted to HK\$9,284.1 million or HK\$2.75 per Share Stapled Unit as at 30 June 2024, representing a 391.1% premium to the closing Share Stapled Unit price of HK\$0.56 as at 28 June 2024 (last trading day in June 2024).

HOTELS OPERATING PERFORMANCE FOR 1H 2024

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
The Langham, Hong Kong	498	498	87.7%	84.5%	1,947	2,044	1,707	1,727
Cordis, Hong Kong	667	667	92.3%	88.4%	1,596	1,468	1,473	1,297
Eaton HK	465	465	88.5%	86.0%	1,093	963	967	828
Hotel portfolio	1,630	1,631	89.8%	86.5%	1,559	1,496	1,400	1,295

Year-on-year change	Occupancy	Average Room Rate	RevPAR
The Langham, Hong Kong	+3.2 ppt	-4.7%	-1.2%
Cordis, Hong Kong	+3.9 ppt	+8.7%	+13.6%
Eaton HK	+2.5 ppt	+13.5%	+16.8%
Hotel portfolio	+3.3 ppt	+4.2%	+8.1%

REVENUE BREAKDOWN BY HOTEL

HK\$ million	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	154.7	178.8	81.9	415.4
Food & Beverages	102.5	139.9	96.4	338.8
Others	4.2	6.1	8.4	18.7
Total Revenue	261.4	324.8	186.7	772.9

Year-on-year change	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	-0.6%	14.2%	17.5%	8.7%
Food & Beverages	0.8%	14.0%	0.4%	5.7%
Others	-2.3%	5.2%	-	1.1%
Total Revenue	-0.1%	13.9%	7.2%	7.2%



1H 2024 FINANCIAL INFORMATION



NET PROPERTY INCOME

HK\$ million	1H 2024	1H 2023	Change
Fixed rental income	111.9	111.6	0.3%
Variable rental income	116.2	158.9	-26.9%
Rental income from retail shops	0.9	1.0	-10.0%
Total rental income before service fees	229.0	271.5	-15.7%
Service fees expenses	(37.9)	(35.7)	6.2%
Total rental income for the Trust Group after service fees	191.1	235.8	-19.0%
Hotel property related expenses	(10.2)	(9.8)	4.1%
Net property income	180.9	226.0	-20.0%



PROFIT ATTRIBUTABLE TO HOLDERS OF SHARE STAPLE UNITS

HK\$ million	1H 2024	1H 2023	Change
Net property income	180.9	226.0	-20.0%
Interest and other income	2.0	4.4	-54.5%
Increase in fair value of investment properties (hotel portfolio)	37.4	552.2	-93.2%
Change in fair value of derivative financial instruments (interest rate swaps)	15.9	(15.5)	n.m.
Change related to settlement arrangement of Hotel Manager's Fees	(14.6)	-	n.m.
Administrative and other expenses	(8.1)	(6.7)	20.9%
Finance costs	(162.8)	(109.5)	48.7%
Profit before tax	50.7	650.9	-92.2%
Income tax expense	(7.7)	(19.9)	-61.3%
Profit attributable to Holders of Share Staple Units	43.0	631.0	-93.2%
Profit attributable to Holders of Share Staple Units excluding fair value changes on investments properties, derivative financial instruments and change related to settlement arrangement of Hotel Manager's fees	4.3	94.3	-95.4%

DISTRIBUTABLE INCOME

HK\$ million	1H 2024	1H 2023	Change
Profit attributable to Holders of Share Staple Units	43.0	631.0	-93.2%
Adjustments:			
Increase in fair value of investment properties	(37.4)	(552.2)	-93.2%
Change in fair value of derivative financial instruments	(15.9)	15.5	n.m.
Change related to settlement arrangement of Hotel Manager's Fees	14.6	-	n.m.
Hotel management fees and licence fee payable in form of Share Stapled Units	29.6	28.1	5.3%
Loan extension / front-end fee amortisation	4.7	5.6	-16.1%
Deferred tax	6.4	19.0	-66.3%
Depreciation	0.6	0.6	0.0%
Reserve for furniture, fixtures and equipment	(11.6)	(10.8)	7.4%
Distributable income	34.0	136.8	-75.1%

FINANCE COSTS

HK\$ million	1H 2024	1H 2023	Change
Breakdown of finance costs			
Interest expense on bank borrowings	(162.1)	(133.8)	21.2%
Net interest on interest rate swaps	4.2	30.4	-86.2%
Loan extension / upfront-end fee amortisation	(4.7)	(5.6)	-16.1%
Others borrowing costs	(0.2)	(0.5)	-60.0%
Total finance costs	(162.8)	(109.5)	48.7%
Average interest rate on bank borrowings			
	5.4% p.a.	4.3% p.a.	1.1% ppt

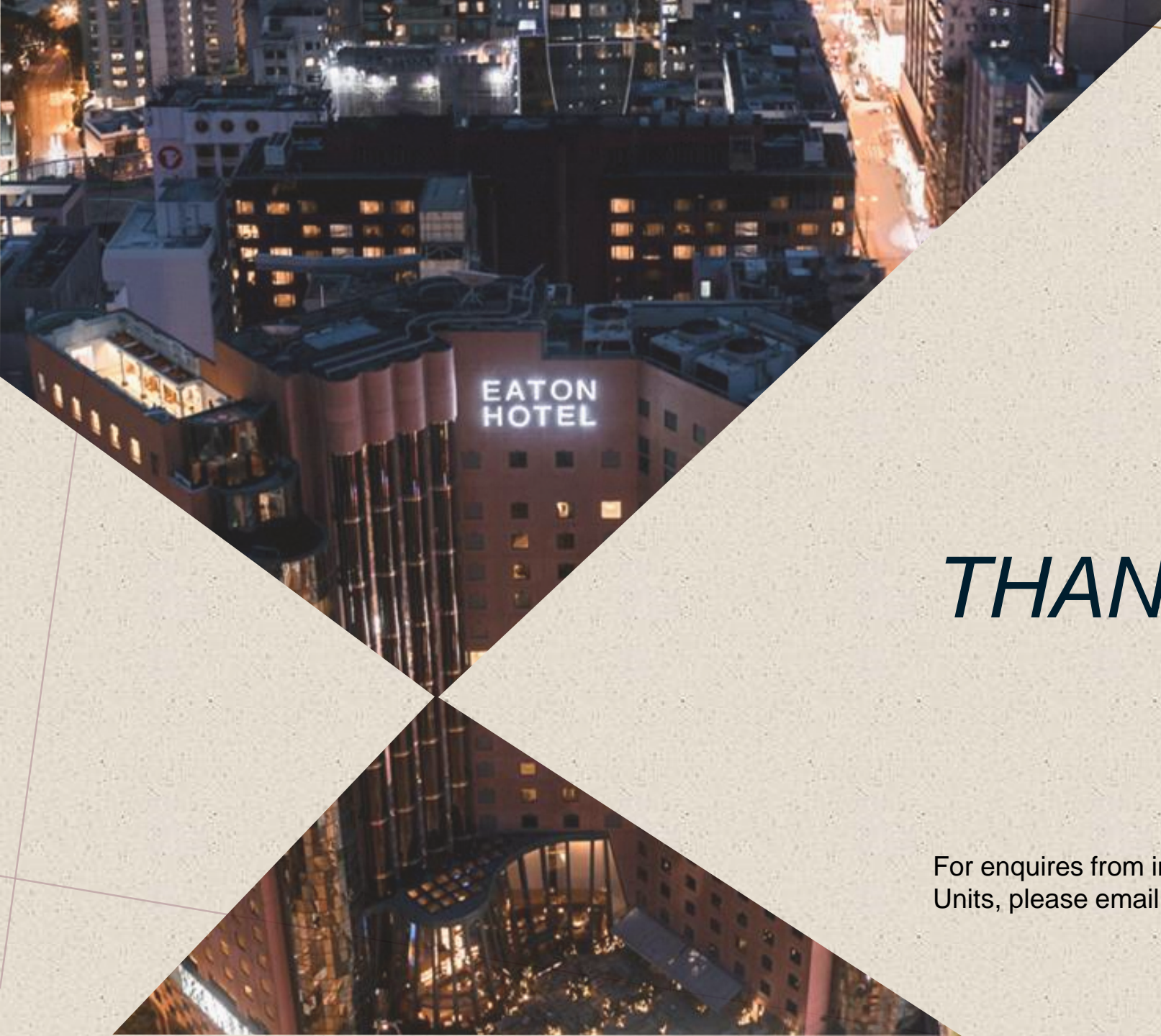
FINANCIAL POSITION

HK\$ million	30 Jun 2024	31 Dec 2023	30 Jun 2023
Gross value of hotel portfolio	15,725.0	15,662.0	15,265.0
Total gross assets	15,917.2	15,835.0	15,593.8
Total outstanding borrowings	6,059.1	6,059.1	6,317.0
Gearing ratio	38.1%	38.3%	40.5%
Net asset value per Share Stapled Unit	HK\$2.75	HK\$2.77	HK\$2.65

OUTLOOK

- The prolonged conflicts in the Middle East and Ukraine, combined with the trade conflicts between the United States and China, have caused uncertainty in the global economy. The slowing world economy, high-interest rates, airline capacity issues, changes in tourist behavior and the growing number of locals traveling to the Greater Bay Area cities outside Hong Kong for competitive dining are a handful of the factors that will continue to affect the hospitality and tourism industries in Hong Kong.
- The anticipated completion of key infrastructure projects and the development of new attractions, such as Kai Tak Sports Park, the East Kowloon Cultural Centre, and SkyCity, are expected to help bolster the hotel sector. Additionally, the expansion of the Individual Visit Scheme to include more cities in Mainland China is likely to underpin Mainland visitor arrivals.
- To strengthen the profitability of the Hotels in the existing business landscape, we are focused on expense reductions where possible, and the Hotels are engaged to find more efficient operating models across the accommodation and food and beverage operations.
- Our high-quality operations, superior assets and excellent locations are underpinning our Hotels' operations as business demand and arrivals are forecasted to increase.
- Interest rates are also forecasted to begin a gradual decline later this year which will bring welcome reductions to our finance costs.





THANK YOU

For enquires from investors or Holders of Share Stapled Units, please email to enquiry@langhamhospitality.com