



2023 ANNUAL RESULTS

LANGHAM
HOSPITALITY INVESTMENTS

HIGHLIGHTS OF 2023 ANNUAL RESULTS

Hotel Portfolio:

- Our hotel portfolio record 61.7% year-over-year growth in revenue per available room ("RevPAR") in 2023.
- Total revenue of our hotel portfolio witnessed a 66.8% increase over 2022 and the aggregate gross operating profit before deducting of global marketing fee was 2.5 times of last year.

Trust Group:

- The Trust Group's net property income increased by 57.7% year-on-year to HK\$494.7 million.
- Net profit after tax for 2023 was HK\$1,080.3 million. Excluding fair value changes of investment properties and derivative financial instruments, a net profit of HK\$224.1 million in 2023 was recorded, representing a year-on-year increase of HK\$106.0 million, or 89.8%.
- After adjusting for the non-cash items, total distributable income amounted to HK\$297.6 million for the year ended 31 December 2023, representing a year-over-year increase of 56.2%. No final distribution was recommended for the year ended 31 December 2023.
- The constant interest rate hikes since the second half of 2022 was the primary reason that finance costs rose by 70.3% to HK\$247.1 million. The average interest rate of our bank borrowings incurred by the Trust Group rose to 5.0% per annum in 2023 as compared to 2.0% per annum in 2022.
- As at 31 December 2023, valuation of the hotel portfolio rose to HK\$15,662.0 million as compared with HK\$14,685.0 million as at the end of December 2022.
- Gearing ratio was lowered to 38.3% (2022: 42.0%).
- Net Asset Value ("NAV") of the Trust Group amounted to HK\$9,190.7 million or HK\$2.77 per Share Stapled Unit as at 31 December 2023, representing a 313.4% premium to the closing Share Stapled Unit price of HK\$0.67 as at 29 December 2023.

HOTEL OPERATING PERFORMANCES FOR 2023

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	2023	2022	2023	2022	2023	2022	2023	2022
The Langham, Hong Kong	498	498	86.9%	59.8%	2,173	1,753	1,887	1,048
Cordis, Hong Kong	667	668	89.8%	66.4%	1,638	1,428	1,471	948
Eaton HK	465	465	87.0%	73.4%	1,110	911	966	669
Hotel portfolio	1,630	1,631	88.1%	66.4%	1,650	1,354	1,454	899

Year-on-year in 2023	Occupancy	Average Room Rate	RevPAR
The Langham, Hong Kong	27.1% pt.	24.0%	80.1%
Cordis, Hong Kong	23.4% pt.	14.7%	55.2%
Eaton HK	13.6% pt.	21.8%	44.4%
Hotel portfolio	21.7% pt.	21.9%	61.7%

REVENUE BREAKDOWN BY HOTEL

HK\$ million	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	343.0	358.0	164.0	865.0
Food & Beverages	224.4	284.2	206.7	715.3
Others	9.1	12.6	16.8	38.5
Total Revenue	576.5	654.8	387.5	1,618.8

Year-on-year change	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	80.1%	54.8%	44.5%	61.6%
Food & Beverages	115.1%	125.9%	34.2%	86.2%
Others	-26.0%	-5.3%	-34.6%	-25.0%
Total Revenue	87.7%	76.8%	32.2%	66.8%

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HK\$ million	2023	2022	Change
Fixed rental income	225.0	225.0	-
Variable rental income	368.5	148.9	147.5%
Rental income from retail shops	1.7	2.1	-19.0%
Total rental income before service fees	595.2	376.0	58.3%
Services fees expenses	(81.2)	(43.9)	85.0%
Total rental income for the Trust Group after services fees	514.0	332.1	54.8%
Hotel properties related expenses	(19.3)	(18.4)	4.9%
Net property income	494.7	313.7	57.7%

2023 ANNUAL RESULTS (CON'T)

HK\$ million	2023	2022	Change
Net property income	494.7	313.7	57.7%
Interest and other income	9.9	3.6	175.0%
Increase in fair value of investment properties (hotel portfolio)	926.3	218.4	324.1%
Change in fair value of derivative financial instruments (interest rate swaps)	(70.1)	83.1	n.m.
Finance costs	(247.1)	(145.1)	70.3%
Administrative and other expenses	(13.9)	(12.6)	10.3%
Profit before tax	1,099.8	461.1	138.5%
Income tax expense	(19.5)	(41.5)	-53.0%
Profit attributable to Holders of Share Staple Units	1,080.3	419.6	157.5%
Profit attributable to Holders of Share Staple Units excluding fair value change on investments properties and derivative financial instruments	224.1	118.1	89.8%

2023 ANNUAL RESULTS (CON'T)

HK\$ million	2023	2022	Change
Profit attributable to Holders of Share Staple Units	1,080.3	419.6	157.5%
Adjustments:			
Increase in fair value of investment properties	(926.3)	(218.4)	324.1%
Change in fair value of derivative financial instruments	70.1	(83.1)	n.m.
Hotel management fees and licence fee payable in form of Share Stapled Units	63.9	33.1	93.1%
Loan front-end/extension fee amortisation	11.1	11.3	-1.8%
Deferred tax	21.7	41.4	-47.6%
Depreciation	1.1	1.2	-8.3%
Reserve for furniture, fixtures and equipment	(24.3)	(14.6)	66.4%
Distributable income	297.6	190.5	56.2%
Percentage of distributable income for distribution	-	50.0%	-50.0 ppt
Final distributable income	-	95.3	-100.0%
Final distribution per Share Stapled Unit (HK cents)	-	2.9	-100.0%

2023 ANNUAL RESULTS (CON'T)

HK\$ million	2023	2022	Change
Breakdown of finance costs			
Interest expense on bank borrowings	(312.5)	(129.1)	142.1%
Net interest on interest rate swaps	77.6	(3.7)	n.m.
Loan front-end/extension fee amortisation	(11.1)	(11.3)	-1.8%
Others borrowing costs	(1.1)	(1.0)	10.0%
Total finance costs	(247.1)	(145.1)	70.3%
Average interest rate on bank borrowings	5.0% p.a.	2.0% p.a.	3.0 ppt

FINANCIAL POSITION

HK\$ million	31 Dec 2023	30 Jun 2023	31 Dec 2022
Gross value of hotel portfolio	15,662.0	15,265.0	14,685.0
Total gross assets	15,835.0	15,593.8	15,022.6
Total outstanding borrowings	6,059.1	6,317.0	6,317.0
Gearing ratio	38.3%	40.5%	42.0%
Net asset value per Share Stapled Unit	HK\$2.77	HK\$2.65	HK\$2.49

OUTLOOK

- We anticipate that airlines will still face challenges to restore normal operations, and as a result, capacity will most likely remain below pre-pandemic levels throughout 2024.
- World economics have become more uncertain. Further headwinds for the hospitality industry, including labour scarcity, rising energy costs, high travel costs, pressure on corporate trip budgets, and escalating geopolitical tensions, will also result in a difficult operating environment.
- On top of these headwinds, the Trust Group's bottom line has declined due to the high interest rates. Hopefully the interest rates will decline in later 2024.
- We believe that our Hotels offer a unique value proposition to our guests and partners and that we have the spirit and adaptability to navigate an uncertain environment. We will continue to stay vigilant on costs and productivity to improve our underlying profitability and ensure business resilience.
- As the market continues to recover, fueling business growth, and as interest rate begin to wane, it is the Boards intention, as we move forward, to pay appropriate distributions when the time is right.