



THE HONGKONG & SHANGHAI HOTELS

INVESTOR PRESENTATION MARCH 2019



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KEY STRATEGIC OBJECTIVES

- Primary focus on high-end luxury consumers
- Long-term owner-operator of a small portfolio of some of the world's finest luxury hotels
- Majority of future growth from “The Peninsula” branded businesses
- Long-term value creation from developing and holding prime real estate in exceptional locations
- Balance between hotel and non-hotel assets and asset heavy and asset light operations
- Strong balance sheet and prudent financial ratios to insure against potential volatility

HSH GROUP OPERATES THREE DIVISIONS

HOTELS

THE PENINSULA
HONG KONG

THE PENINSULA
BEIJING
王府半岛酒店

THE PENINSULA
SHANGHAI
上海半岛酒店

THE PENINSULA
TOKYO

THE PENINSULA
BANGKOK

THE PENINSULA
MANILA

THE PENINSULA
NEW YORK

THE PENINSULA
CHICAGO

THE PENINSULA
BEVERLY HILLS

THE PENINSULA
PARIS

Under Development

THE PENINSULA
LONDON

THE PENINSULA
ISTANBUL

THE PENINSULA
YANGON

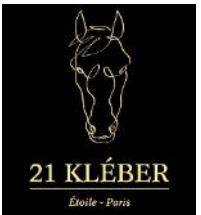
COMMERCIAL PROPERTIES



St John's Building



The Landmark



CLUBS & SERVICES

THE PENINSULA
BOUTIQUE



PEAK TRAMWAYS COMPANY, LIMITED
山顶缆车有限公司



Thai Country Club



THE PENINSULA
CLUBS

TAI PAN LAUNDRY

大班洗衣

COMPANY AT A GLANCE



THE PENINSULA HOTELS – OVERVIEW



The Peninsula Hong Kong
Established: 1928
Rooms: 300 Ownership: 100%



The Peninsula Shanghai
Established: 2009
Rooms: 235 Ownership: 50%



The Peninsula Beijing
Established: 1989
Rooms: 230 Ownership: 76.6%*



The Peninsula Tokyo
Established: 2007
Rooms: 314 Ownership: 100%



The Peninsula Bangkok
Established: 1998
Rooms: 370 Ownership: 50%**



The Peninsula Manila
Established: 1976
Rooms: 469 Ownership: 77.4%



The Peninsula New York
Established: 1988
Rooms: 235 Ownership: 100%



The Peninsula Chicago
Established: 2001
Rooms: 339 Ownership: 100%



The Peninsula Beverly Hills
Established: 1991
Rooms: 195 Ownership: 20%



The Peninsula Paris
Established: 2014
Rooms: 200 Ownership: 20%

* The Group owns 100% economic interest of The Peninsula Beijing with a reversionary interest to the PRC partner at the end of the co-operating joint venture period
** Changed from 75% in August 2017

COMMERCIAL PROPERTIES – OVERVIEW



The Repulse Bay, (residential & arcade) Established: 1976 & 1989
GFA: 1,058,455 sq. ft. Ownership: 100%



The Peninsula Office Tower
Hong Kong Established: 1994
GFA: 75,082 sq. ft. Ownership: 100%



The Peak Tower Hong Kong
(retail) Established: 1996
GFA: 116,768 sq. ft. Ownership: 100%



21 avenue Kléber, Paris, France
(office & retail) Established: 2013
GFA: 44,218 sq. ft. Ownership: 100%



St. John's Building, Hong Kong
(office) Established: 1983
GFA: 75,082 sq. ft. Ownership: 100%



The Landmark, Ho Chi Minh City
Vietnam (office & residential)
Established: 1996
GFA: 116,768 sq. ft. Ownership: 100%

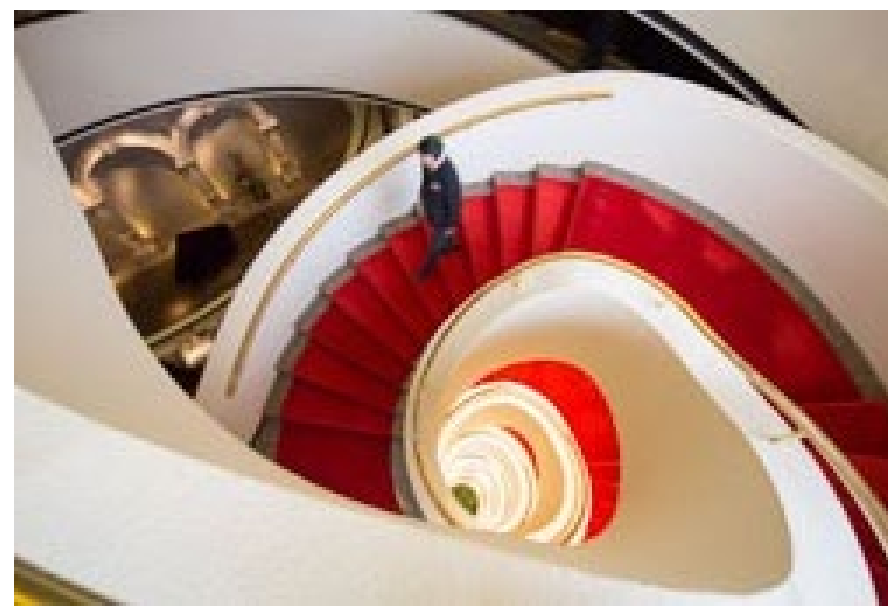
COMMERCIAL PROPERTIES – OVERVIEW



Peninsula Merchandising
Established: 2003
Ownership: 100%



The Peak Tram, Hong Kong
Established: 1888
Ownership: 100%



Peninsula Clubs 7 Consultancy
Services Established: 1977
Ownership: 100%



Quail Lodge & Golf Club
Acquired: 1997
GFOwnership: 50%



Thai Country Club, Bangkok
Thailand Established: 1996
Ownership: 100%



Tai Pan Laundry, Hing Kong
Established: 1980
Ownership: 100%

NEW PROJECTS – OVERVIEW



KEY RECENT ACHIEVEMENTS

- Opening of Z Bar built on The Peninsula Chicago rooftop (2Q 2018)
- Peninsula Merchandising product re-launch – Journey to Treasure (2Q 2018)
- Peninsula Yacht launched for guests in Hong Kong (4Q 2018)
- Launch of Kaleidoscope Lab, in collaboration with Stanford Research Institute, a 12-week mentorship driven ignition programme for start-ups (1Q 19)
- Approval from H.K. Government to extend The Peak Tram operating right to 2035, paving the way for the upgrade project (4Q18)
- The Peninsula London construction progressing well-topping out ceremony in June (2Q 19)



FINANCIAL HIGHLIGHTS

1H 2018 – KEY HIGHLIGHTS

Revenue ↑ 7%

EBITDA ↑ 9%

Capital Expenditure

Financial Health

- Positive contributions from majority of operations, in particular The Peninsula Beijing, The Peninsula Hong Kong, The Peninsula Chicago and The Peninsula Bangkok
- Full year rental income from 21 avenue Kleber

- Total capex (normal & special) on existing assets down 29% in line with strategy
- Expenditure on three new projects of HK\$0.5bn, up 79%

- Net debt to total assets remains low at 12%
- Cash interest cover healthy at 12.8x
- 73% of interest expense fixed

FULL YEAR RESULTS – KEY HIGHLIGHTS

| HK\$ MILLION | 2018 | 2017 | VARIANCE |
|--|--------|--------|----------|
| REVENUE | 6,214 | 5,782 | 7% |
| EBITDA | 1,550 | 1,422 | 9% |
| UNDERLYING PROFITS (INC PSW APT SALES) | 765 | 801 | (4%) |
| UNDERLYING PROFITS (EXC PSW APT SALES) | 742 | 651 | 14% ↑ |
| TOTAL ASSETS | 48,992 | 48,520 | 1% |
| NET DEBT TO TOTAL ASSETS | 12% | 11% | +1pp |
| CASH INTEREST COVER | 12.8x | 11.9x | 0.9pts |
| DIVIDEND PER SHARE | 21 | 20 | 5% |

Earnings growth was broad-based and supported by return of The Peninsula Beijing and leasing of 21 avenue Kleber.

HOTEL DIVISION WAS MAIN DRIVER OF EARNINGS



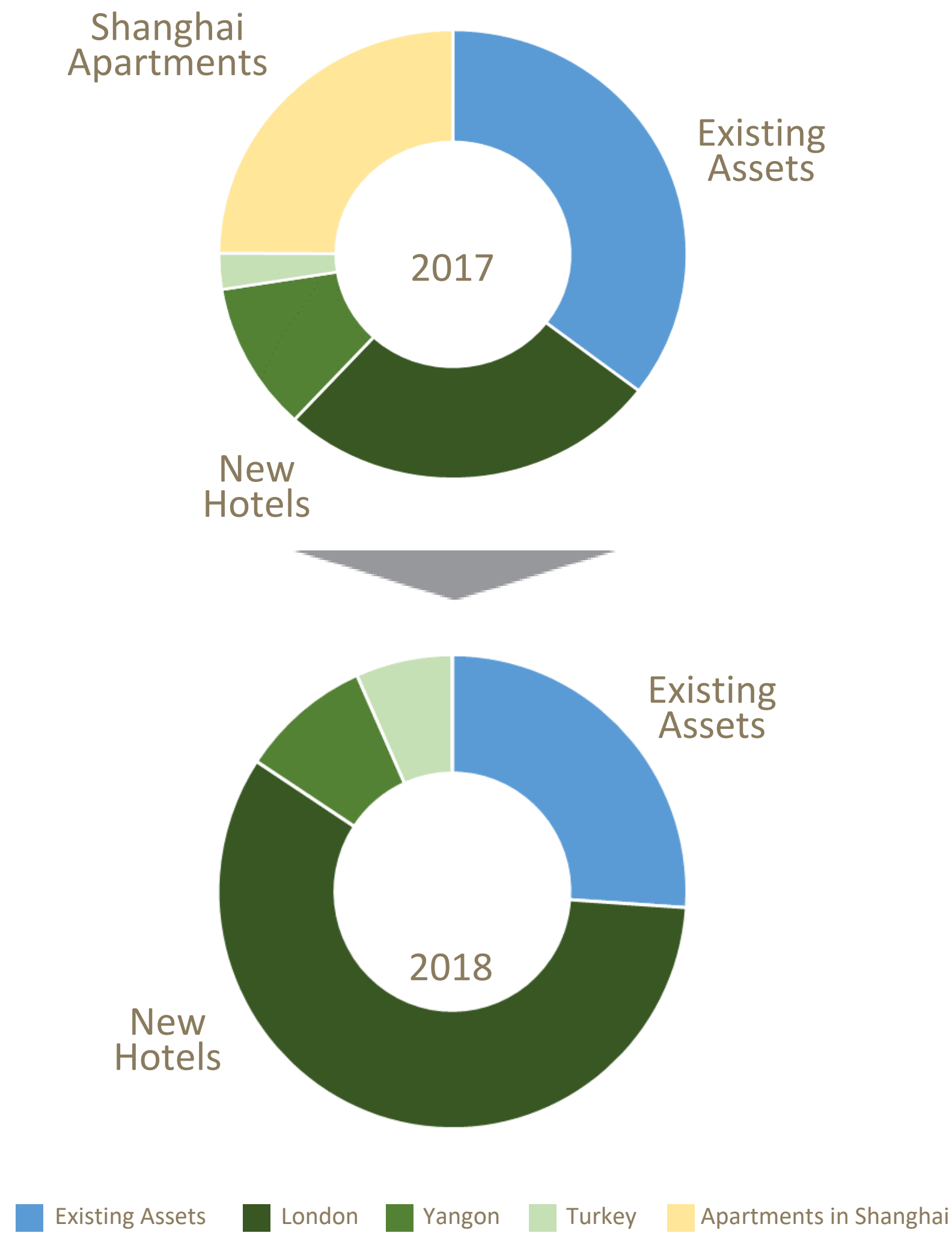
- Rooms and food and beverage recorded good growth
- Luxury retail rents stabilising

- Full year of rental from 21 avenue Kleber
- HK residential leasing stable

- Peninsula Merchandising successful product relaunch
- Peak Tram benefiting from Chinese Mainland rail and road links

CAPITAL EXPENDITURE SHIFTING TO NEW HOTEL DEVELOPMENTS

| HK\$ MILLION | 2018 | 2017 |
|--|---------|---------|
| NET OPERATING CASHFLOW | 1,383 | 1,216 |
| CAPITAL EXPENDITURE ON EXISTING ASSETS | (426) | (601) |
| CASHFLOW AFTER NORMAL CAPEX | 957 | 615 |
| CAPITAL EXPENDITURE ON NEW PROJECTS | (1,208) | (1,097) |
| - SHANGHAI APARTMENTS | - | (423) |
| - <i>NEW HOTELS</i> | (1,208) | (674) |
| DIVIDENDS, FINANCING CHARGES & OTHERS | (142) | 58 |
| NET CASH OUTFLOW PERIOD | (393) | (424) |



OUR BALANCE SHEET AND FINANCIAL HEALTH REMAINS STRONG

| 2018 | 2017 |
|-----------------------------|--------|
| 48,992 | 48,520 |
| TOTAL ASSETS (HK\$ MILLION) | |

| | |
|---------------------------------|-------|
| 7,095 | 7,443 |
| GROSS BORROWINGS (HK\$ MILLION) | |

| | |
|-------------------------------|-------|
| 5,916 | 5,521 |
| NET BORROWINGS (HK\$ MILLION) | |

12%

TOTAL ASSETS

2.3%

WEIGHTED AVERAGE
GROSS INTEREST RATE

12.8x

CASH INTEREST
COVER (TIMES)

73%

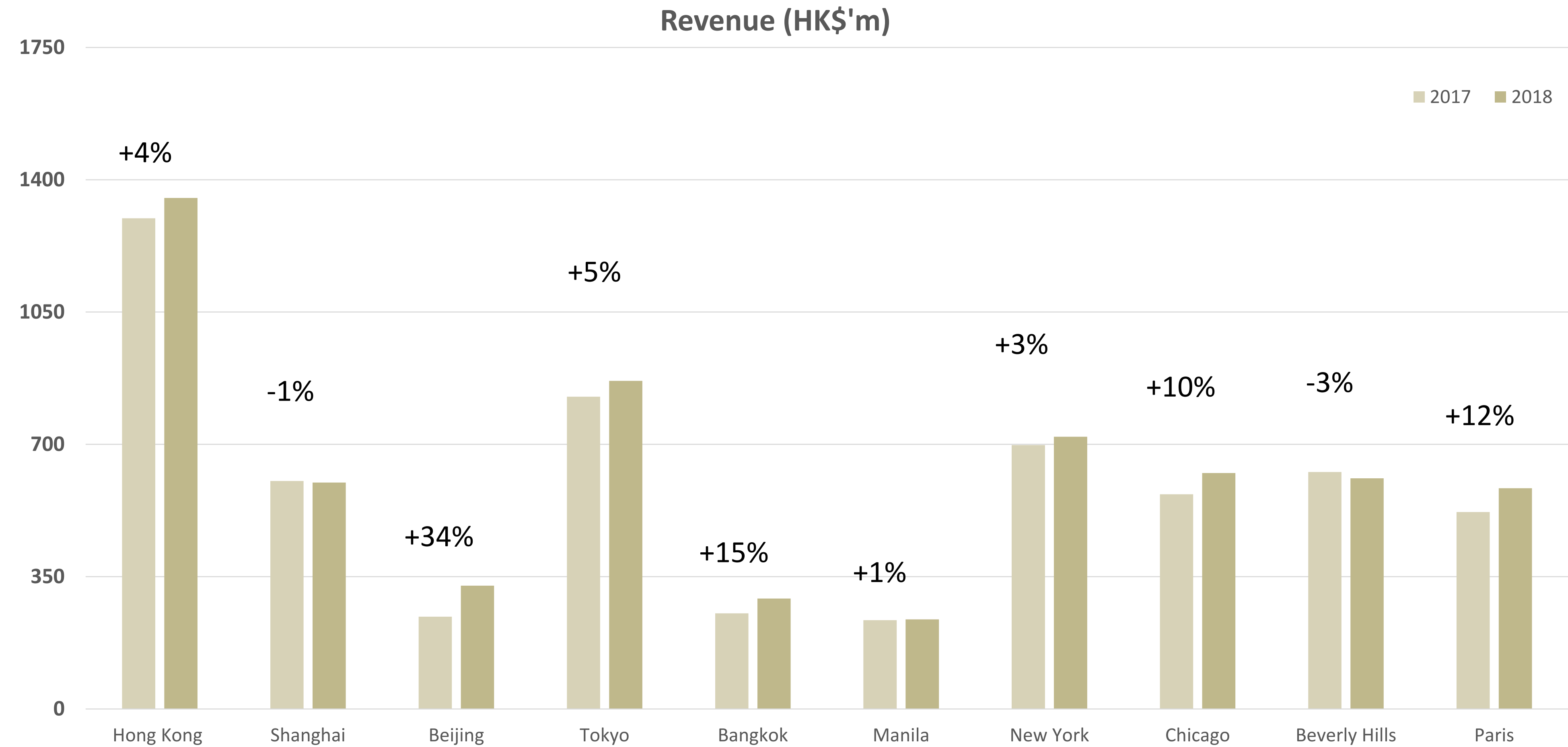
INTEREST RATE HEDGING
(FIXED PORTION)



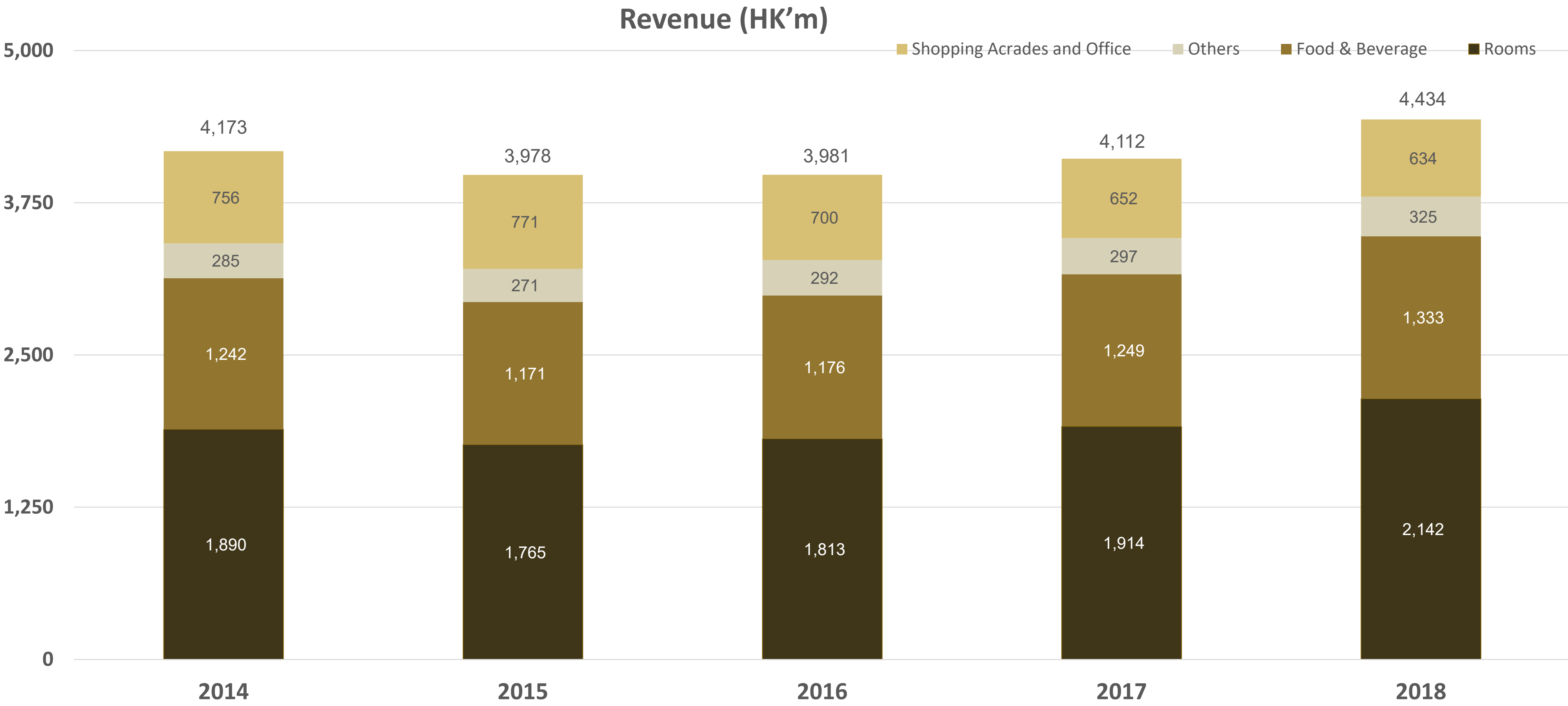
PERFORMANCE HIGHLIGHTS
BY DIVISION



THE PENINSULA HOTELS – FINANCIAL HIGHLIGHTS

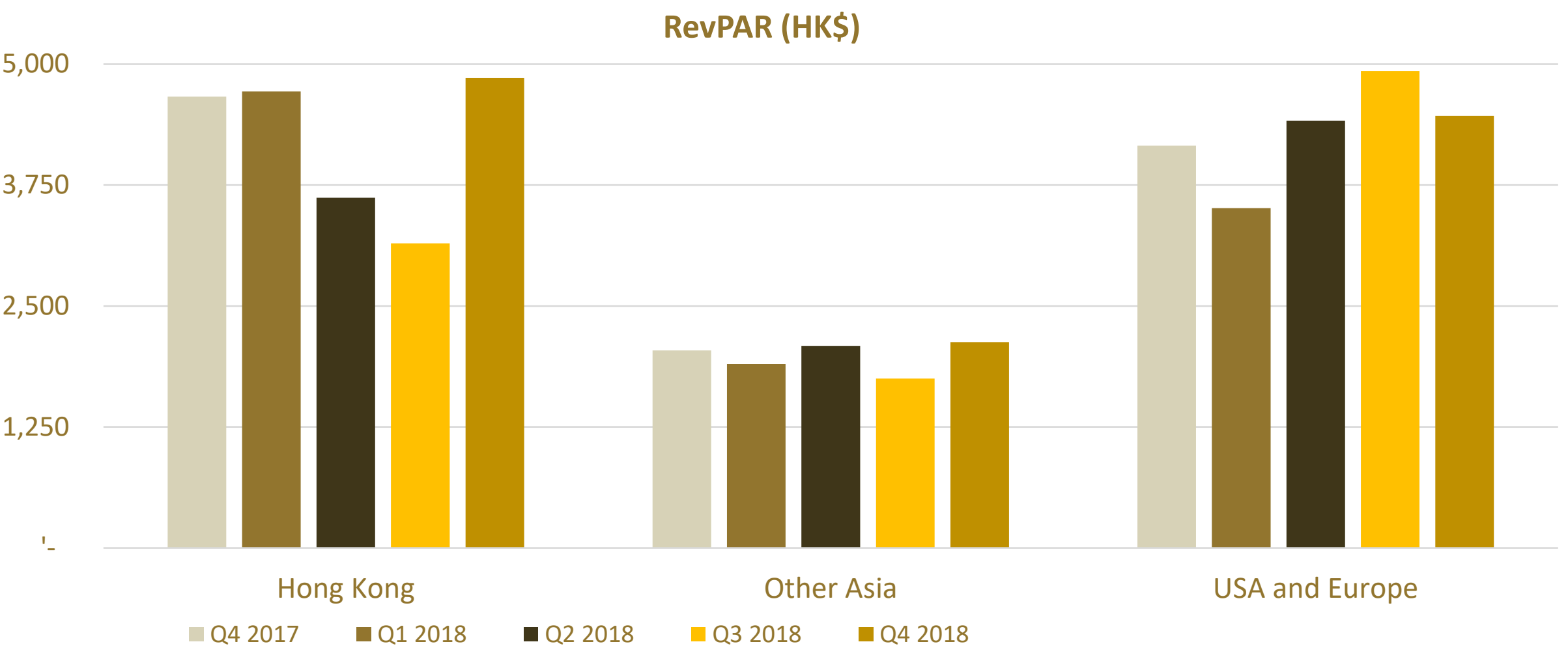
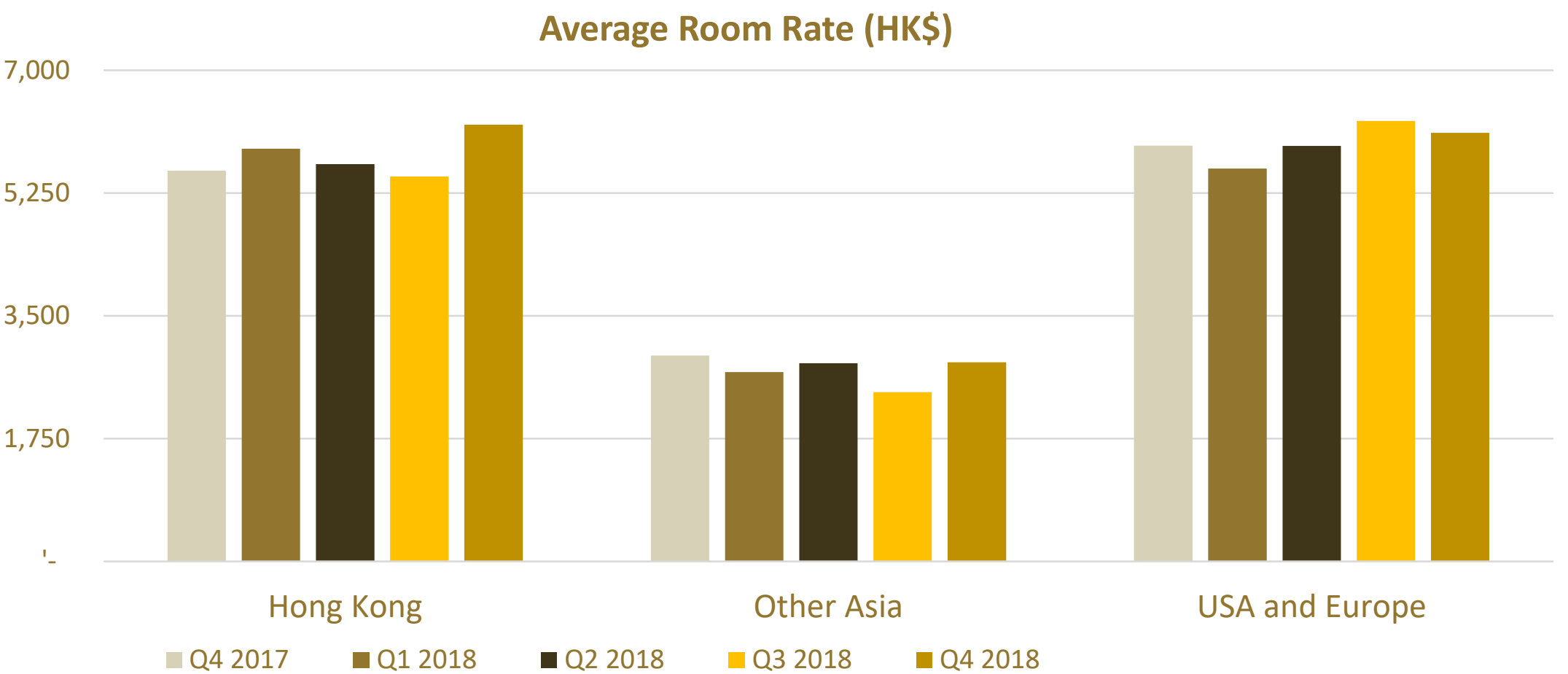
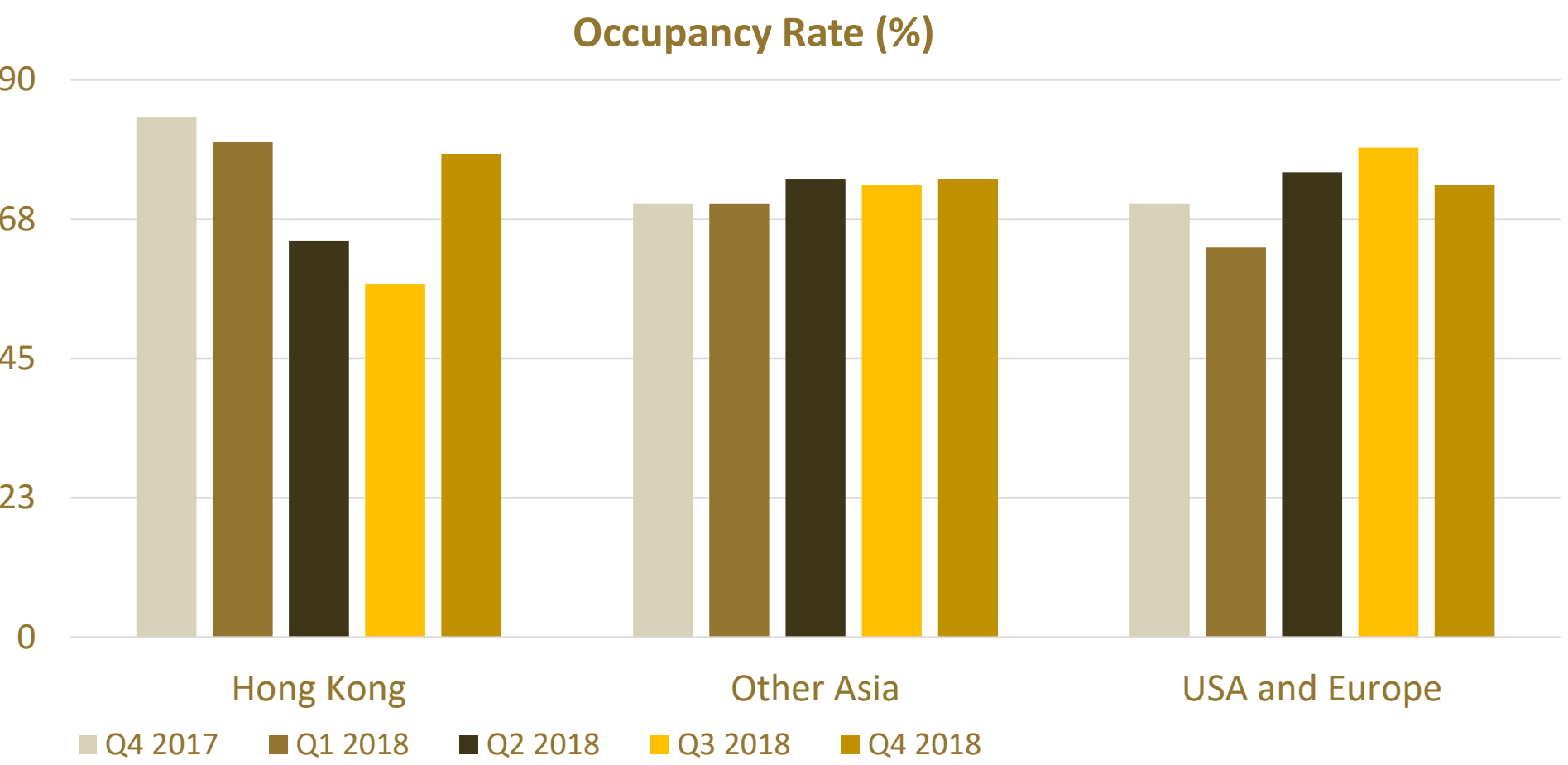


THE PENINSULA HOTELS – REVENUE BREAKDOWN



Group's subsidiaries only excluding JV and associates

THE PENINSULA HOTELS – OPERATING STATISTICS



THE PENINSULA HOTELS – NEW DESTINATION BRANDS



Jenny Packham at PBJ



Mikael D wedding at PBJ



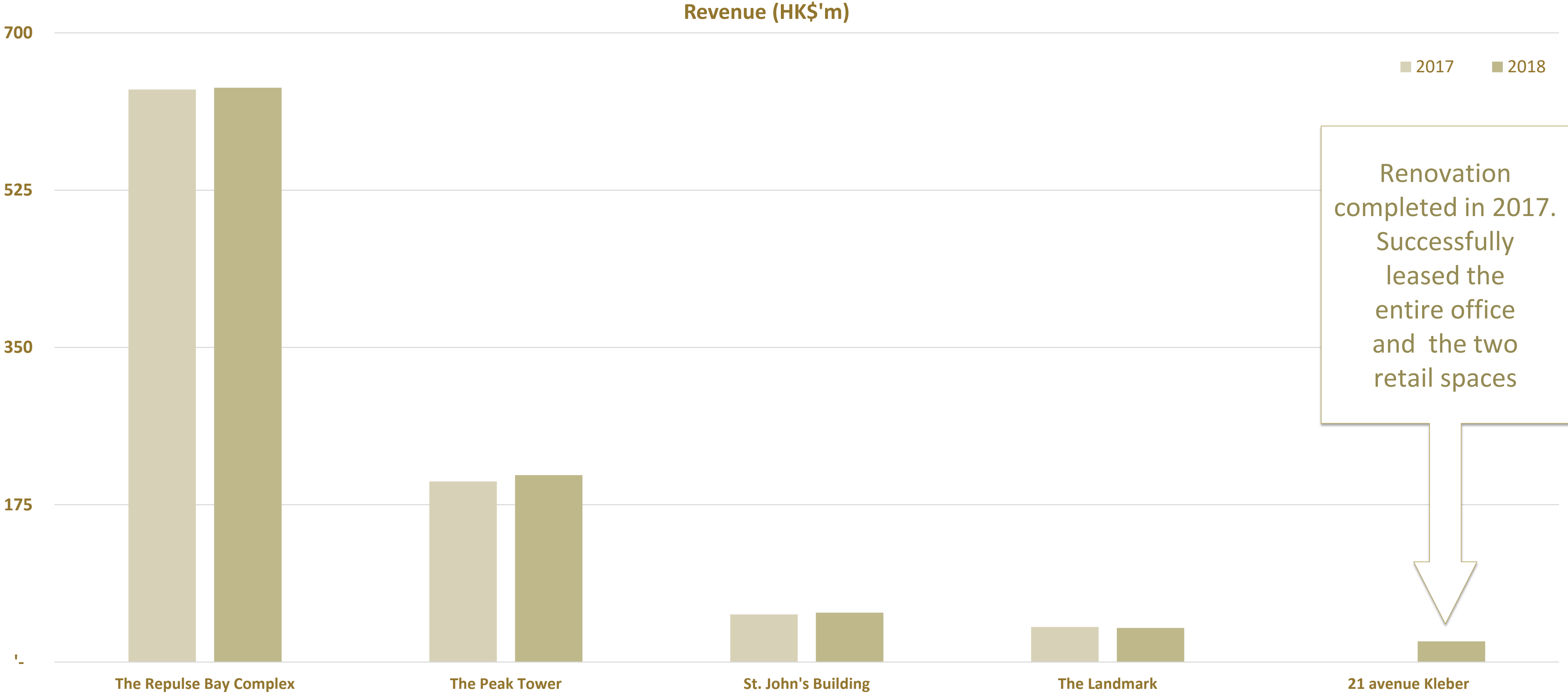
Lan Yu Haute Couture at PSH



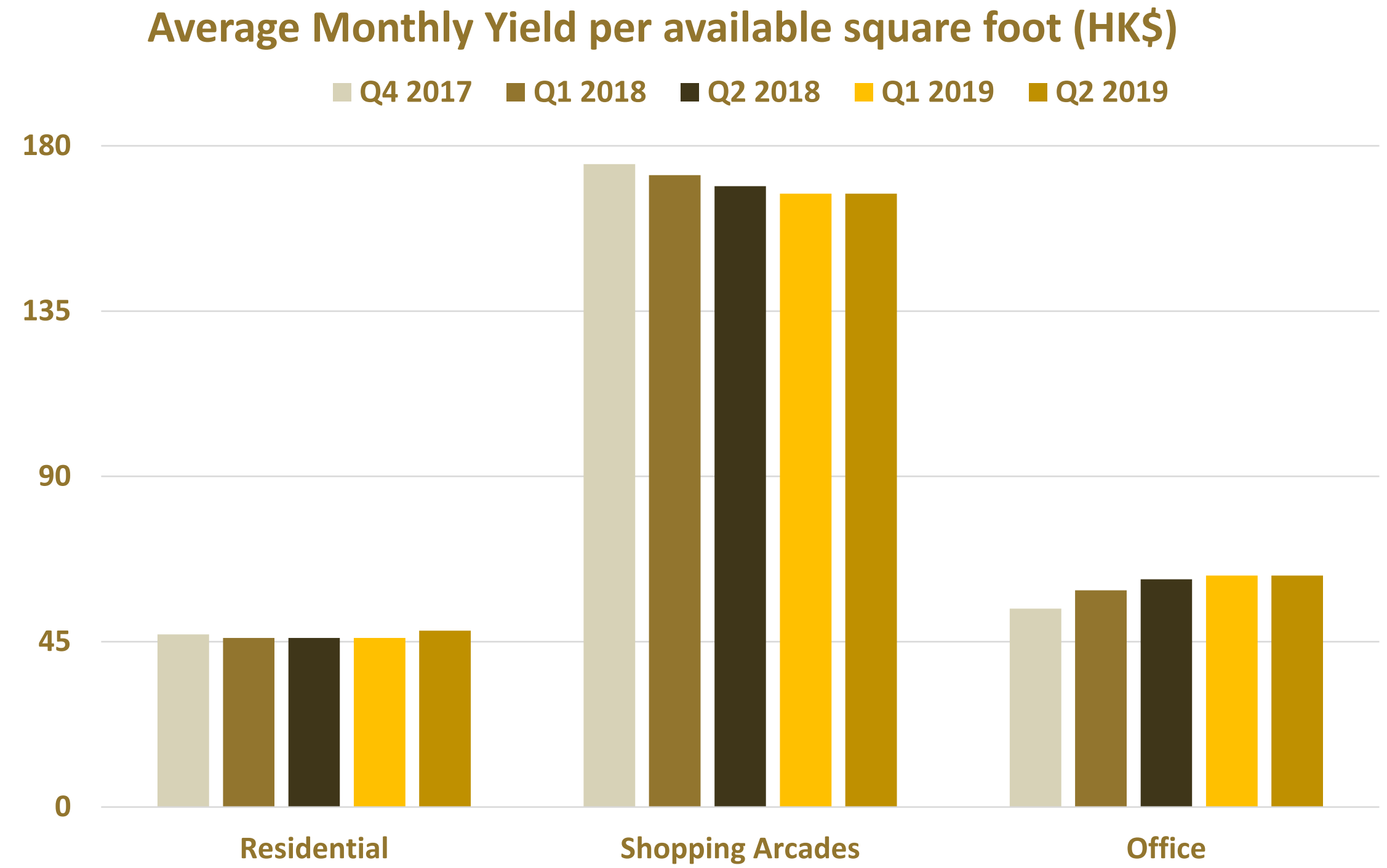
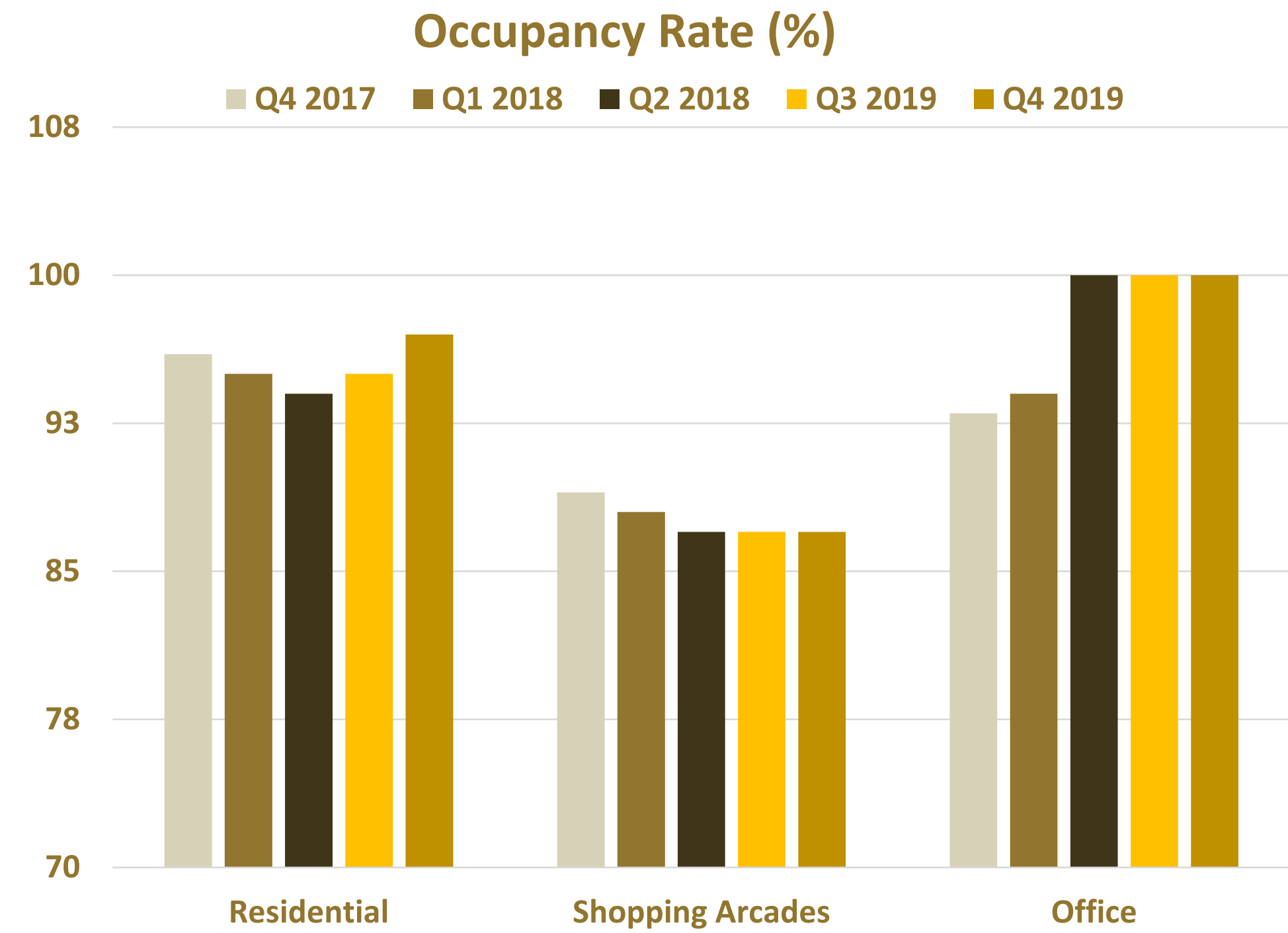
Top Bridal at PBJ

Our Peninsula Arcades experienced positive rental reversions in 2018

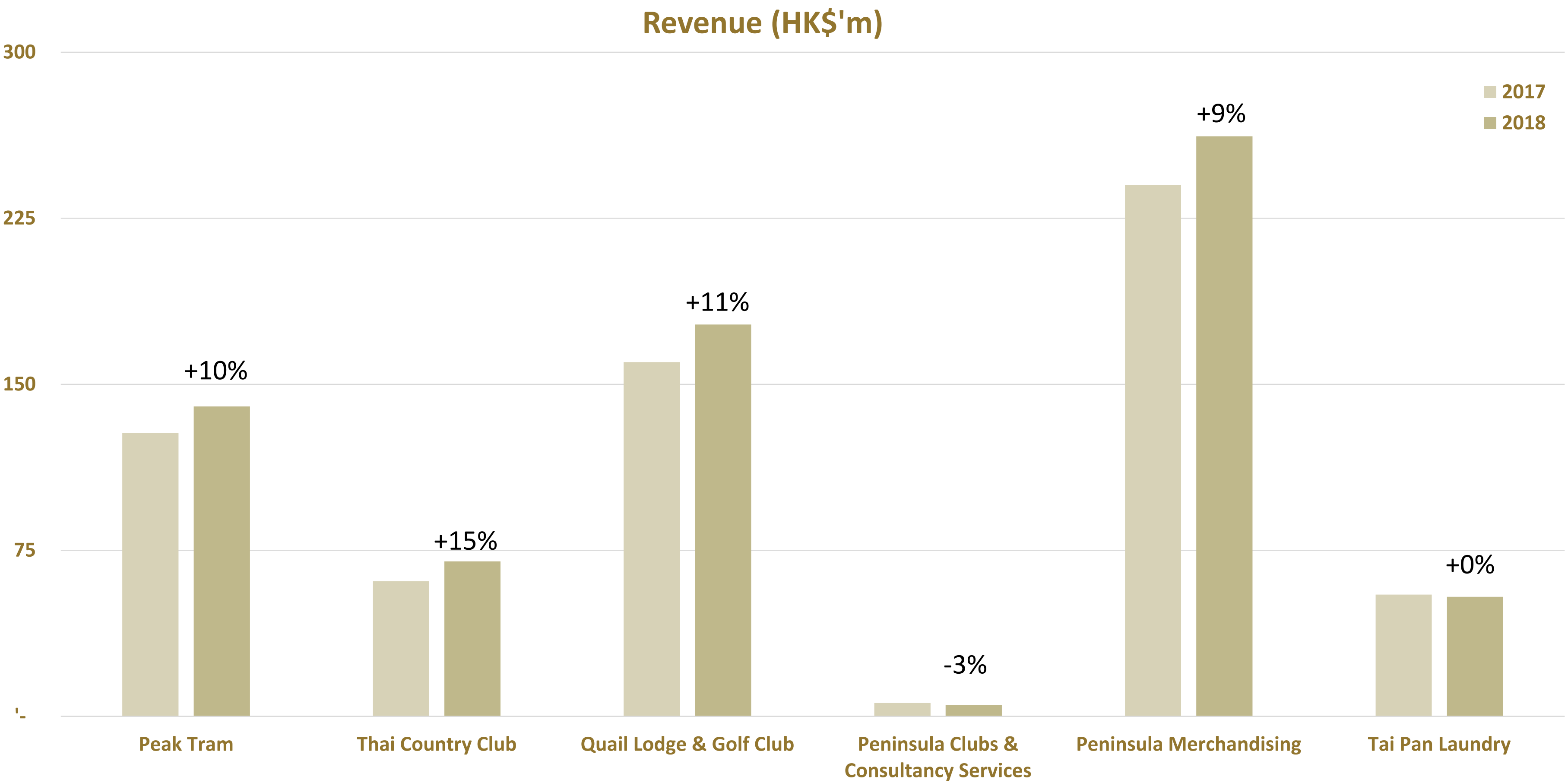
COMMERCIAL PROPERTIES – FINANCIAL HIGHLIGHTS



COMMERCIAL PROPERTIES – LEASING



CLUBS AND SERVICES – FINANCIAL HIGHLIGHTS





ASSET ENHANCEMENT INITIATIVES

21 avenue Kleber - PARIS

- Acquired in June 2013
- Conveniently located immediately adjacent to The Peninsula Paris on Avenue Kleber
- Building restored in keeping with its heritage
- Office 100% leased to financial services firm Bridgepoint
- Two retail joints leased to fashion house VOS (fashion) and La Maison (tailor)



Z BAR – THE PENINSULA CHICAGO

- Commenced construction in August 2017
- Opened in June 2018
- Features iconic views of Chicago skyline
- Built on previously unused rooftop
- Previous Bar converted to function space



YUN SUMMER LOUNGE – THE PENINSULA BEIJING

- Opened in June 2018
- Beijing city views
- Awarded “Hotel Bar of the Year” by That’s Beijing editor’s choice in 2018





NEW HOTEL PROJECTS



THE PENINSULA

L O N D O N

- Location: 1-5 Grosvenor Place in Belgravia, Central London (overlooking Hyde Park Corner and the Wellington Arch)
- Group's interest: 100%
- Project construction cost: Approximately £650 million
- Project detail: Mixed use development with 189-room hotel and 26 of luxury residential apartments for sale



THE PENINSULA

L O N D O N

EXCEPTIONAL
LOCATION



THE PENINSULA

Y A N G O N

- Location: Central Yangon, Myanmar
- Group's interest: 70%
- Group's share of investment: Approximately US\$126 million



THE PENINSULA

I S T A N B U L

- Location: Karakoy area of the Beyoglu district of Istanbul overlooking the Bosphorus
- Group's interest: 50%
- Group's share of investment: Approximately **€150 million**



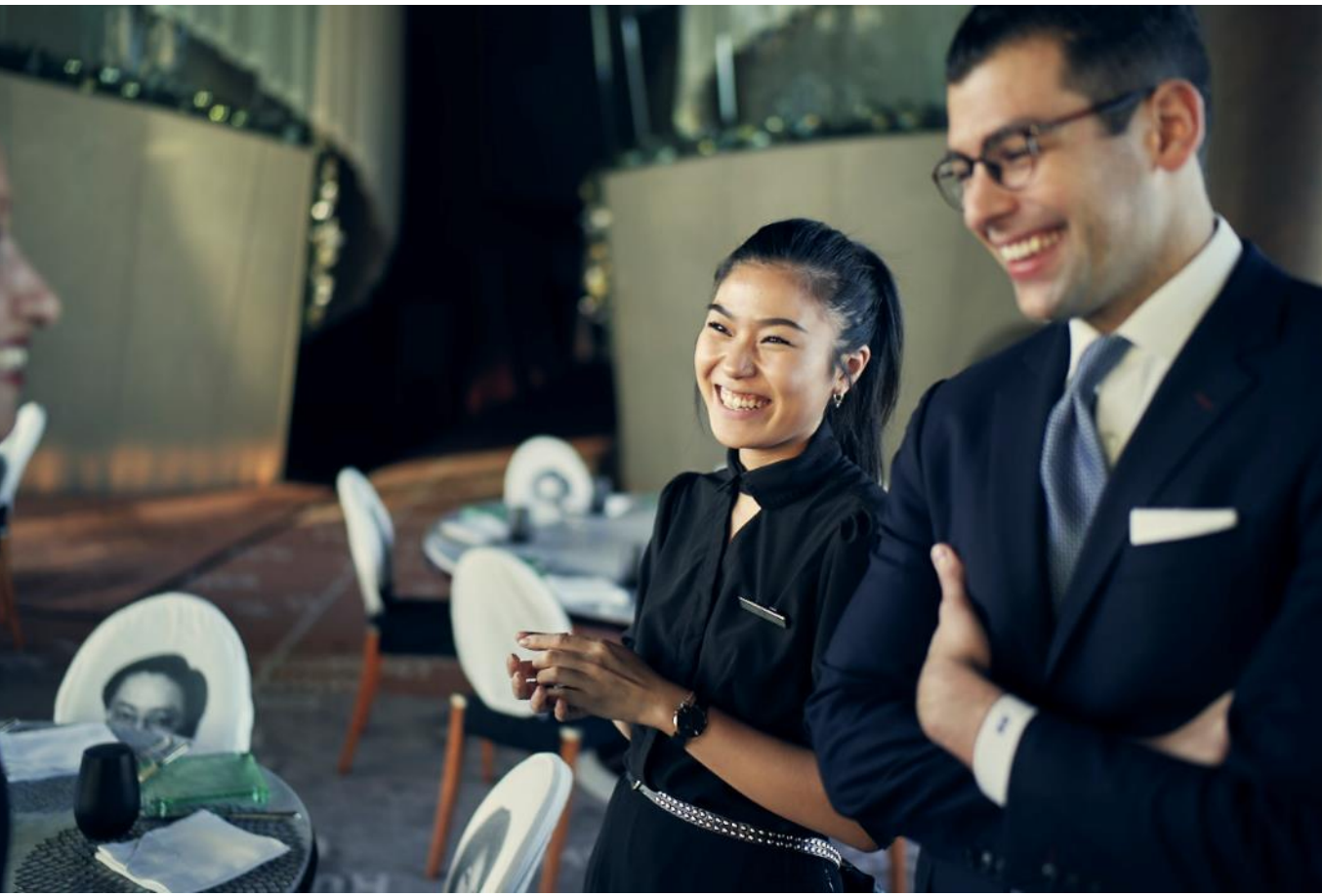
SUSTAINABLE LUXURY VISION 2020

Our Guests



Achieved BREEAM “GOOD” for The Peninsula Beijing, the first for a newly-renovated hotel in the city, and winning the HICAP Sustainable Hotel Awards for Sustainable Design.

Our People



Celebrated three milestone anniversaries in 2018 by showcasing the stories of our people

Our Cities



Donated a total of HK\$12 million in cash and in-kind; equivalent to 1.2% of operating profit to 518 programmes globally.



Q&A

THE PENINSULA