



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

To: All Finance/Business/Real Estate/Travel Editors

FOR IMMEDIATE RELEASE

8 MAY, 2017

FIRST QUARTER 2017 UNAUDITED OPERATING STATISTICS

Hong Kong, 8 May 2017 At its Annual General Meeting held today, The Hongkong and Shanghai Hotels, Limited (HSH) disclosed its unaudited first quarter operating statistics for 2017.

Commenting on the year-to-date results, HSH Managing Director and Chief Executive Officer Mr Clement K.M. Kwok said, “The first quarter results were generally in line with our expectations and reflected the seasonal nature of the hotel industry. We have experienced a satisfactory start to our business in 2017 and are pleased to report an improved business environment in Hong Kong. Our first quarter results continued to be impacted by the renovations at The Peninsula Beijing, which will be completed by mid-2017, and we will work hard to drive revenue and contain costs across our operations for the remainder of the year.

The Peninsula Hotels

The Peninsula Hong Kong reported an increase in occupancy of 5pp and a 3% increase in RevPAR as compared with the same period last year, reflecting the improving tourism environment in Hong Kong.

We were pleased to report a 17% increase in RevPAR for the USA and Europe, driven by a strong performance from our newly renovated Peninsula hotel in Chicago. The rest of Asia was stable although results were impacted by the renovation project at The Peninsula Beijing which will be completed this year, offering a spectacular new all-suite hotel product and transformed public areas.

Commercial Properties

Residential Leasing: Occupancy at The Repulse Bay Complex remained stable although rents in the luxury sector in Hong Kong are under some pressure and the outlook for the rest of the year remains uncertain.

Shopping Arcades: The shopping arcades in The Peninsula Hotels, The Peak Tower and The Repulse Bay continue to be popular with premium brands for retail space. The Peak Tower and The Repulse Bay are almost fully occupied. The Shopping Arcades yield reduced by 8% year-on-year. We are working with our retail tenants to develop new promotional strategies to help drive traffic to our arcades.

Offices: Yield from the Group’s office leasing increased by 2% year-on-year, due to the increased occupancy and average rental rates in The Peninsula Office Tower and St. John’s Building, located in Hong Kong.

Outlook and Developments

We have experienced a satisfactory start to our business in 2017. For the first half, our operating results will remain adversely affected by the continuing renovation to The Peninsula Beijing, which will result in a significantly improved product with the largest rooms in Beijing and our signature Peninsula in-room technology in 11 languages.

We are cautiously optimistic for the Hong Kong tourism market in 2017, although the Hong Kong market in terms of high-end residential lettings and retail rental income remains uncertain. Our business has been stable, mainly due to the steady returns of our property leasing business, with our residential apartments and commercial arcades holding up well.

We believe that the smaller, exclusive and high-end nature of the retail outlets at The Peninsula Hong Kong, as well as our luxury residential product at The Repulse Bay Complex, especially our recently fully renovated and enlarged apartments at the de Ricou tower, have been key to maintaining demand for those properties.

In the US, the economic outlook is positive and The Peninsula Chicago is now the RevPAR leader in that city after its renovation which was completed in 2016. The Peninsula Beverly Hills is experiencing strong demand.

We are pleased to have made good progress with our partners in the ongoing development of our three projects in London, Istanbul and Yangon. The Peninsula Yangon groundbreaking ceremony was held in February 2017, construction is well underway at The Peninsula Istanbul, and demolition has started on the site of The Peninsula London.

We remain confident that our long-term growth is underpinned by a strong balance sheet comprising valuable high quality assets coupled with a low level of gearing.”

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About The Hongkong and Shanghai Hotels, Limited (HSH)

Incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045), The Hongkong and Shanghai Hotels, Limited is the holding company of a Group which is engaged in the ownership, development, and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services. The Peninsula Hotels portfolio comprises The Peninsula Hong Kong, The Peninsula Shanghai, The Peninsula Beijing, The Peninsula Tokyo, The Peninsula Bangkok, The Peninsula Manila, The Peninsula New York, The Peninsula Chicago, The Peninsula Beverly Hills, and The Peninsula Paris. Projects under development include The Peninsula London, The Peninsula Yangon and The Peninsula Istanbul. The property portfolio of the Group includes The Repulse Bay Complex, The Peak Tower and St. John’s Building in Hong Kong; The Landmark in Ho Chi Minh City, Vietnam; 1-5 Grosvenor Place in London, UK, and 21 avenue Kléber in Paris, France. The clubs and services portfolio of the Group includes The Peak Tram in Hong Kong; Thai Country Club in Bangkok, Thailand; Quail Lodge & Golf Club in Carmel, California; Peninsula Clubs and Consultancy Services, Peninsula Merchandising, and Tai Pan Laundry in Hong Kong.

For further information on this release, please contact:
The Hongkong and Shanghai Hotels, Limited

Lynne Mulholland Director, Corporate Affairs Tel: (852) 2840 7152 / 6718 8219 Email: lynnemulholland@peninsula.com	Lilian Lau Manager, Corporate Affairs Tel: (852) 2840 7743 / 9611 0502 Email: lilianlau@peninsula.com
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Websites: www.hshgroup.com www.peninsula.com

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