



MANDARIN ORIENTAL
THE HOTEL GROUP

2008 INTERIM RESULTS HIGHLIGHTS

<i>US\$m</i>	June 2008	June 2007
Combined Total Revenue of Hotels under Management	520.1	477.4
EBITDA (US\$m)	86.2	84.5

2008 INTERIM RESULTS HIGHLIGHTS

<i>US\$m</i>	June 2008	June 2007
Profit Attributable to Shareholders excluding investment gain	36.1	34.3
Profit Attributable to Shareholders*	36.1	50.3

* 2007 includes US\$16 million post tax gain from sale of half the Group's 50% interest in Mandarin Oriental, New York

2008 INTERIM RESULTS HIGHLIGHTS

	June 2008	June 2007
Earnings per Share excluding gain <i>US¢</i>	3.68	3.54
Earnings per Share <i>US¢</i>	3.68	5.19

- ❖ Adjusted net asset value per share was US\$2.32 compared to US\$2.34 at 31st December 2007, including leasehold properties at valuation
- ❖ Interim dividend of US¢2 per share declared in 2008

KEY STRATEGIC OBJECTIVES

- ❖ Being widely recognised as the world's best luxury hotel group
- ❖ Strengthening our competitive performance in all markets
- ❖ Operating at least 10,000 rooms worldwide
- ❖ Achieving a strong financial performance

TO BE WIDELY RECOGNISED AS THE WORLD'S BEST LUXURY HOTEL GROUP

- ❖ Driving strong brand recognition
- ❖ Attracting wealthy travellers who pay premium rates
- ❖ Attracting new hotel developers
- ❖ Economic outlook impacts short-term demand
- ❖ Medium to long-term trends are sound



TO BE WIDELY RECOGNISED AS THE WORLD'S BEST LUXURY HOTEL GROUP

- ❖ Increased demand for luxurious travel and leisure experiences from:
 - ❖ Traditional markets – US, Europe, Japan
 - ❖ Additional markets – Middle East, Russia, China, India
- ❖ Under supply of luxury hotels in key markets due to high barriers to entry:
 - ❖ Limited sites
 - ❖ Funding
 - ❖ Escalating construction costs



TO BE WIDELY RECOGNISED AS THE WORLD'S BEST LUXURY HOTEL GROUP

Core Brand Attributes

- ❖ Creative hotel design and architecture
- ❖ Holistic spas
- ❖ Innovative dining
- ❖ Guest-oriented technology

**All underpinned by legendary
service**



TO BE WIDELY RECOGNISED AS THE WORLD'S BEST LUXURY HOTEL GROUP

- ❖ An award-winning international advertising campaign
- ❖ 18 celebrity fans
- ❖ Latest fan: Sigourney Weaver



She's a fan.



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INSTITUTIONAL INVESTOR
THE WORLD'S BEST HOTELS – 2007

The Oriental, Bangkok

Mandarin Oriental, Hong Kong

The Landmark Mandarin Oriental, Hong Kong

Mandarin Oriental, Singapore

Mandarin Oriental Hyde Park, London

Mandarin Oriental, New York

Mandarin Oriental, San Francisco

Mandarin Oriental, Washington DC



TRAVEL & LEISURE

WORLD'S BEST AWARDS – 2008

The Oriental, Bangkok

Mandarin Oriental Dhara Dhevi, Chiang Mai

Mandarin Oriental, Hong Kong

Mandarin Oriental, Kuala Lumpur

Mandarin Oriental Hyde Park, London

Mandarin Oriental, Munich

Mandarin Oriental, Miami

Mandarin Oriental, New York

Mandarin Oriental, San Francisco

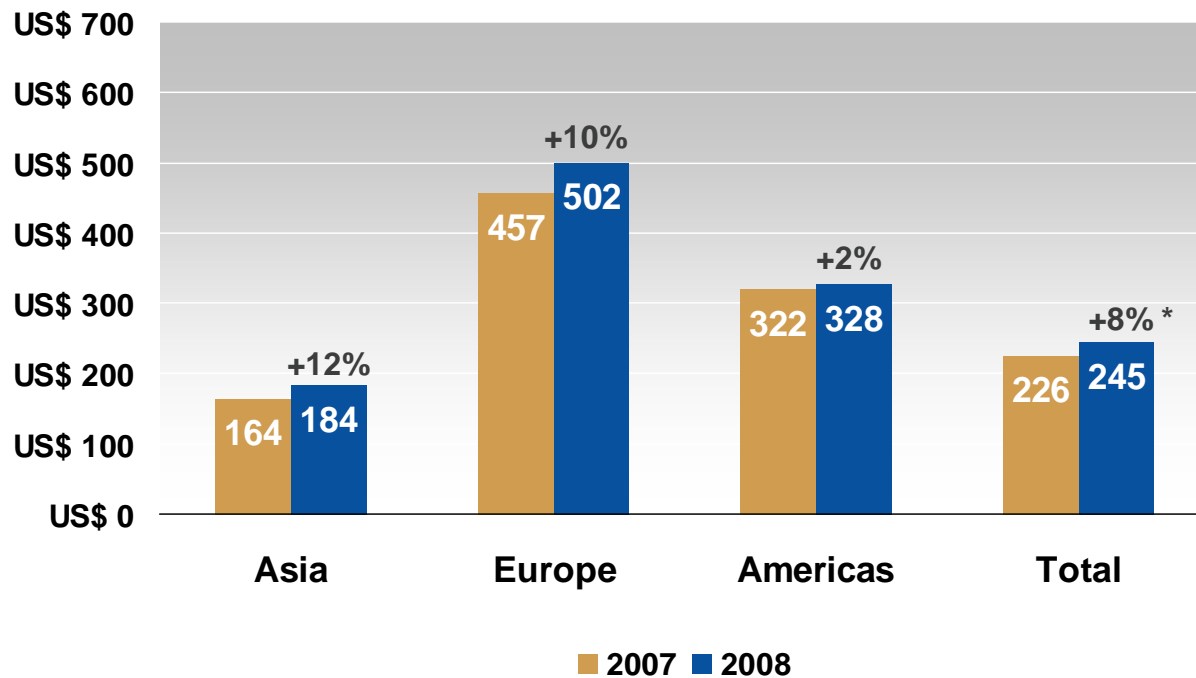
*CONDÉ NAST TRAVELER US
READERS' SPA AWARDS – 2008*



The Oriental, Bangkok
Mandarin Oriental Hyde Park, London
Mandarin Oriental, Miami
Mandarin Oriental, New York

STRENGTHEN OUR COMPETITIVE POSITION

2008 Interim RevPAR Performance



* RevPAR increase in local currency terms was 4%

STRENGTHEN OUR COMPETITIVE POSITION

ASIA

- ❖ Our Asian portfolio provides just over 70% of the Group's total EBITDA
- ❖ RevPAR up by 12% in US\$; 7% in local currency

STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Hong Kong *(100% ownership)*

- ❖ Continued improvement in contribution post-renovation
- ❖ Average rate of US\$448 (US\$388 in 2007)
- ❖ 15% increase in RevPAR over 2007



STRENGTHEN OUR COMPETITIVE POSITION ASIA

The Landmark Mandarin Oriental, Hong Kong

(Management contract)

- ❖ 16% increase in RevPAR over 2007
- ❖ Average rate of US\$499 (US\$417 in 2007)





“With views of the illuminated Hong Kong Bank and Bank of China towers.....I found myself almost paralyzed with amazement each night.”
Conde Nast Traveler, US

“Touting impeccable world class service, the largest rooms in Asia and unparalleled amenities, the award-winning hotel offers discreet serenity for the most discerning of international travelers.”

The Affluent Traveler, US



STRENGTHEN OUR COMPETITIVE POSITION ASIA

The Excelsior, Hong Kong *(100% ownership)*

- ❖ 9% increase in RevPAR over 2007
- ❖ Strong performance from diversified market mix



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Tokyo

(Long-term lease)

- ❖ Strong local leisure market
- ❖ Weakening citywide demand from corporate sector
- ❖ Occupancy at 67% (78% in 2007)
- ❖ Strong competitive position



“Clearly the “it” hotel in Tokyo. The “uber cool” adult atmosphere is supported by exceptional service, top-notch dining and a high-tech spa; if you have the money, this is the best.”

Zagat – World Top Hotels



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Macau

(50% ownership)

- ❖ Significant increase in supply negatively impacts occupancy at 49% (63% in 2007)
- ❖ Strong rental revenues



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Mandarin Oriental, Singapore

(50% ownership)

- ❖ Well recognised as one of the city's leading hotels
- ❖ RevPAR up by 28% in US\$; 16% in local currency
- ❖ Average rate of US\$276 (US\$193 in 2007)



STRENGTHEN OUR COMPETITIVE POSITION ASIA

The Oriental, Bangkok

(44.9% ownership)

- ❖ Remains the undisputed market leader
- ❖ Occupancy at 71% (68% in 2007)



STRENGTHEN OUR COMPETITIVE POSITION ASIA

Other Hotels

- ❖ Manila and Kuala Lumpur benefited from higher rates offsetting lower occupancies
- ❖ Mandarin Oriental, Jakarta renovation on target to reopen second-half 2009



STRENGTHEN OUR COMPETITIVE POSITION EUROPE

- ❖ Our European hotels produced 20% of the Group's total EBITDA

STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental Hyde Park, London *(100% ownership)*

- ❖ City-wide demand for high-end leisure with limited supply
- ❖ Drop in US arrivals compensated by increases from other markets
- ❖ Average rate of US\$863 (US\$829 in 2007)



“Location, location, location! It doesn’t get better than this.....which garners a perfect score for it’s location near London’s most famous park.”

Conde Nast Traveler, US



“Be treated like an emperor at this “opulent jewel”, a remade 1889 gentlemen’s club..., where attention to detail is incredible and a truly memorable stay can be had...”

Zagat – World’s Top Hotels



STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental, Munich

(100% ownership)

- ❖ Average rate of US\$678 (US\$511 in 2007)
- ❖ Room renovation of 2007 well received
- ❖ Remains market leader



STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental Hotel du Rhône, Geneva *(92.6% ownership)*

- ❖ Strong market conditions
- ❖ Average rate of US\$687 (US\$529 in 2007)
- ❖ 9 month renovation negatively impacted contribution:
 - ❖ New lobby
 - ❖ 2 new restaurants and bars
 - ❖ 7 additional suites



STRENGTHEN OUR COMPETITIVE POSITION EUROPE

Mandarin Oriental, Prague

(Management contract)

- ❖ Establishing position as one of city's leading luxury hotels
- ❖ RevPAR up by 23% in US\$; 5% in local currency terms



STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

- ❖ Maintained competitive position in a more challenging environment
- ❖ Less exposure for Group with less than 10% of total EBITDA from the region

STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

Mandarin Oriental, Washington DC *(80% ownership)*

- ❖ Average rate maintained at US\$335
- ❖ City-wide demand down
- ❖ Executive Chef Ziebold named “Best Chef” - James Beard Awards 2008



STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

Mandarin Oriental, New York

(25% ownership)

- ❖ RevPAR up by 6% over 2007
- ❖ Average rate of US\$899 (US\$838 in 2007)
- ❖ Limited supply of luxury hotel rooms
- ❖ Attained AAA Five Diamond award





“On the 54th floor of New York’s Mandarin Oriental, the two-bedroom Taipan Suite brings sleek serenity and high-tech wizardry to a place at the top of the world.”

Departures, US

“ At *Asiate*, request a booth and feast on an Asian-French fusion menu that includes roasted duck breast with five-spice miso glaze. The service was terrific.”

Conde Nast Traveler, US



STRENGTHEN OUR COMPETITIVE POSITION THE AMERICAS

Other Hotels

Miami, San Francisco and Bermuda all benefited from demand for luxury leisure travel

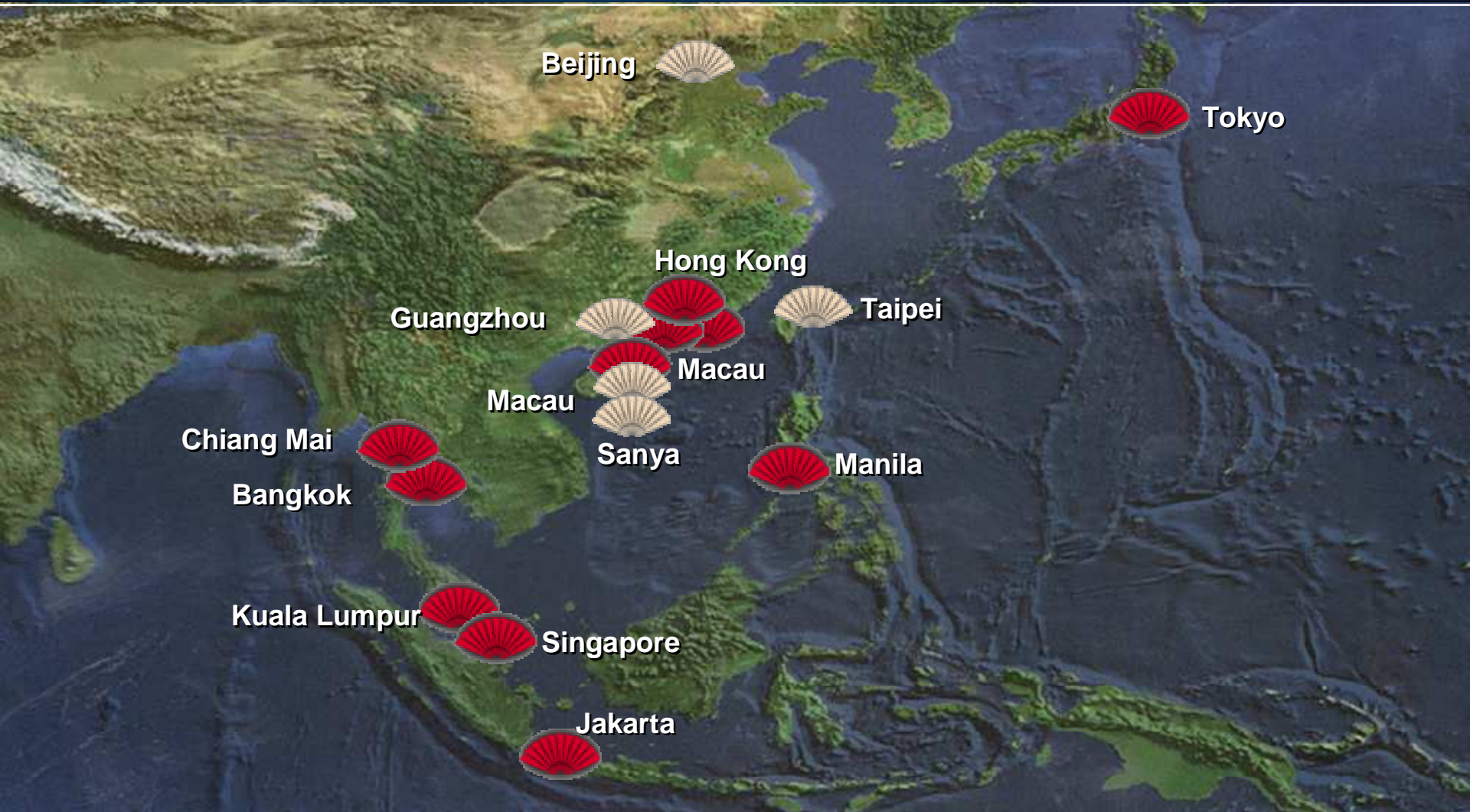


TOWARDS 10,000 ROOMS IN OPERATION

- ❖ 10,000 rooms in operation or under development
- ❖ 24 countries
- ❖ Stronger geographic diversification:
 - ❖ 16 hotels in Asia
 - ❖ 14 hotels in The Americas
 - ❖ 10 hotels in Europe and North Africa



TOWARDS 10,000 ROOMS ASIA



TOWARDS 10,000 ROOMS EUROPE



TOWARDS 10,000 ROOMS THE AMERICAS



TOWARDS 10,000 ROOMS

- ❖ New management contract announced in Moscow
- ❖ 237 rooms
- ❖ Due to open in 2011
- ❖ 19 new hotels now under development



MANDARIN ORIENTAL RIVIERA MAYA, MEXICO



MANDARIN ORIENTAL RIVIERA MAYA, MEXICO



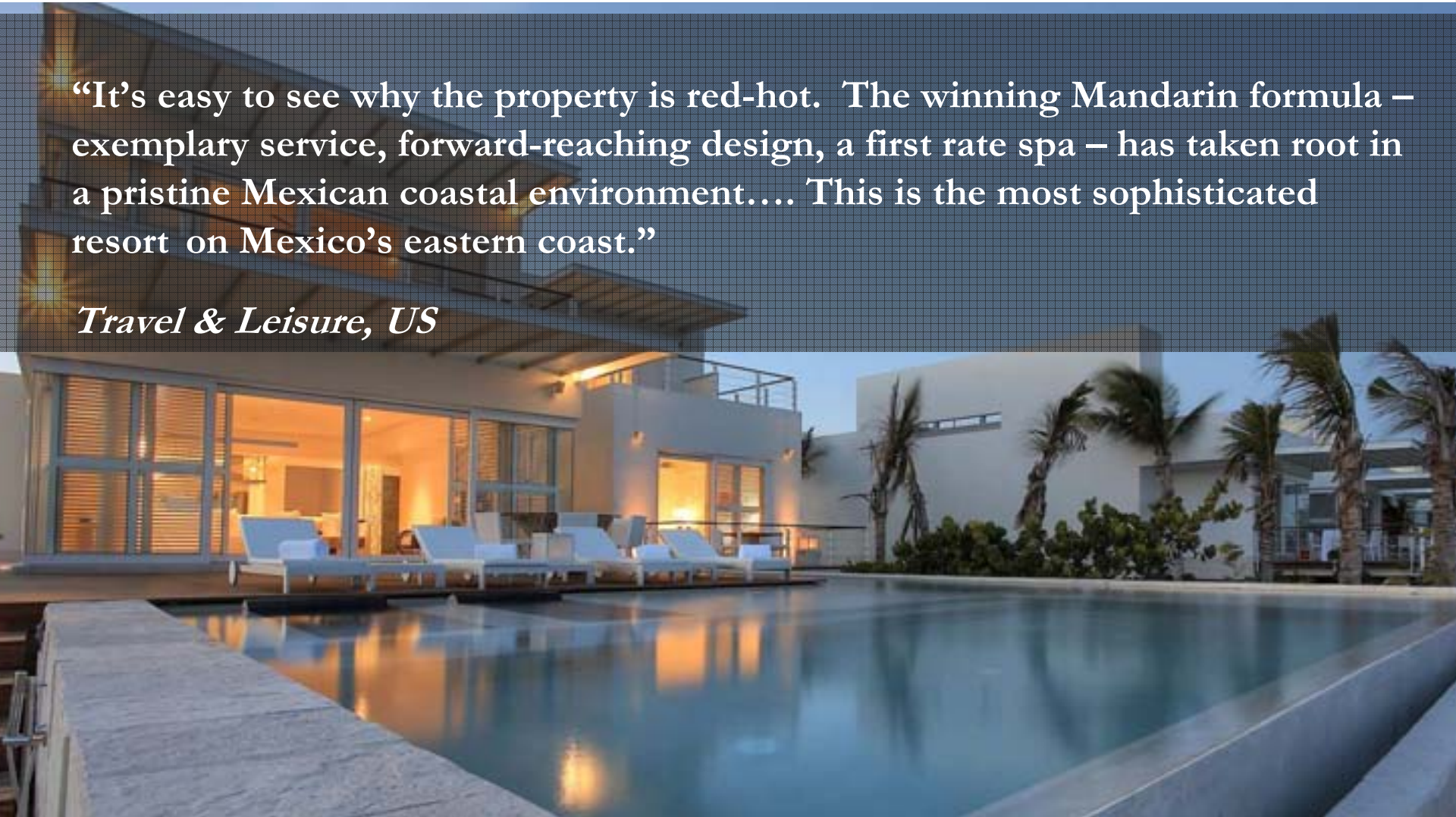
MANDARIN ORIENTAL RIVIERA MAYA, MEXICO



MANDARIN ORIENTAL RIVIERA MAYA, MEXICO

“It’s easy to see why the property is red-hot. The winning Mandarin formula – exemplary service, forward-reaching design, a first rate spa – has taken root in a pristine Mexican coastal environment.... This is the most sophisticated resort on Mexico’s eastern coast.”

Travel & Leisure, US



TOWARDS 10,000 ROOMS

Mandarin Oriental, Boston *(Management Contract)*

- ❖ Opening in October
- ❖ 148 rooms
- ❖ *50 Residences at Mandarin Oriental*



TOWARDS 10,000 ROOMS

New Hotels Under Development

2009	Sanya, Hainan Island	Beijing
	Las Vegas	Barcelona
	Macau	Marrakech
2010 and beyond	Chicago	Guangzhou
	Costa Rica	Taipei
	Dallas	Marbella
	Grand Cayman	Milan
	St. Kitts	Paris
	Turks & Caicos	Moscow

- ❖ Opening dates are subject to change as determined by each project's owner/developer

THE RESIDENCES AT MANDARIN ORIENTAL

- ❖ 12 *Residences* projects under development
- ❖ The *Residences at Mandarin Oriental, Taipei*
 - ❖ 26 luxurious apartments
 - ❖ Most exclusive real estate in the city
- ❖ Potential for more *Residences* in Asia
- ❖ One-off branding fees
- ❖ Ongoing revenues for hotel services



FUTURE DEVELOPMENTS

- ❖ Potential for future growth is strong
- ❖ Brand recognition attracts new hotel developers
- ❖ Continually reviewing a pipeline of new projects

FUTURE DEVELOPMENTS

- ❖ Most future projects to be management only:
 - ❖ Generate branding and management fees
 - ❖ Limited capital investment
 - ❖ Mid-term goal is 30% of total profit from management
- ❖ Ownership of hotel assets to continue:
 - ❖ Unique investments with potential for long-term capital appreciation
 - ❖ Ensures control of brand
 - ❖ Increased credibility with third party owners and developers
- ❖ Strategy of Ownership and Management



FINANCIAL REVIEW

FINANCIAL REVIEW

Summary Cash Flow Statement

<i>US\$m</i>	2008	2007
Operating Activities		
EBITDA from subsidiaries	64	64
Dividends and interest from associates	9	5
Net financing charges paid	(11)	(8)
Tax paid	(5)	(7)
Other (mainly movements in working capital)	(13)	(6)
Total	44	48

❖ Weighted average interest rate of 4.3% on Group borrowings (2007 – 4.9%)

FINANCIAL REVIEW

Summary Cash Flow Statement

<i>US\$m</i>	2008	2007
Investing Activities		
Capital expenditure on existing properties	(30)	(30)
Proceeds on disposal ⁽¹⁾	—	75
Capital distribution from associates	22	12
Hotel mezzanine funding (net)	(2)	9
Other	—	(2)
Total	(10)	64

(1) Principally the sale of half of the Group's 50% equity in Mandarin Oriental, New York (2007).

FINANCIAL REVIEW

Summary Cash Flow Statement

US\$m

	2008	2007
Operating Activities	44	48
Investing Activities	(10)	64
Financing Activities		
Repayment of borrowings	(9)	(118)
Drawdown of borrowings	19	185
Dividends paid	(49)	(29)
Other	4	2
Total Cash (Outflow) / Inflow	(1)	152

❖ 2008 Interim dividend of US¢2

FINANCIAL REVIEW

Summary Cash Flow Statement

<i>US\$m</i>	June 2008	December 2007
Group's net debt	199	185
Gearing (net debt over adjusted shareholders' funds)	9%	8%

- ❖ EBITDA (including associates) net interest cover was 6.8 vs. 6.5 in the first half of 2007
- ❖ Approximately 50% of Group's gross debt hedged
- ❖ Average term of Group's borrowings is 5.5 years
- ❖ US\$492m of cash and US\$166m of committed unused facilities at 30 June 2008

CONCLUSION

- ❖ Sound performance in first six months
- ❖ Higher average rates in most markets
- ❖ Softening demand anticipated in corporate sector
- ❖ Mitigated by limited supply in major markets
- ❖ Will benefit from long-term luxury travel trends



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