

Langham Hospitality Investments And Langham Hospitality Investments Limited

3Q 2013



Unique Exposure to the Attractive Hong Kong Hospitality Sector

Favourable Macro Trends

- International trade / finance hub and popular shopping / tourist destination
- Structural growth in demand from mainland China
- Cyclical growth from recovery in the long-haul market

Actively Managed Brands

- Internationally recognised
- Increasing global presence of Langham branded hotels
- Active manager with an “owner-manager” mentality

Strategic Locations

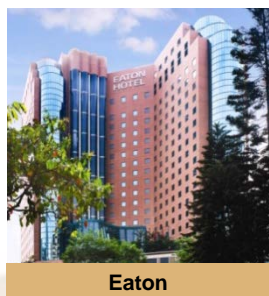
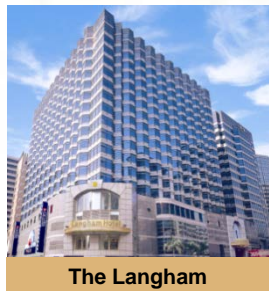
- Prime locations on the Kowloon peninsula
- Major infrastructure and commercial centres under development
- Limited current and forecast future supply

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- Our objective is to provide stable distributions with the potential for sustainable long term growth of such distributions and enhancement in the value of the hotel portfolio
- Accomplished through the lease structure, active asset management and ROFR from Great Eagle

Our Hotels are Strategically Located on the Kowloon Peninsula in Hong Kong

Kowloon Peninsula, Hong Kong

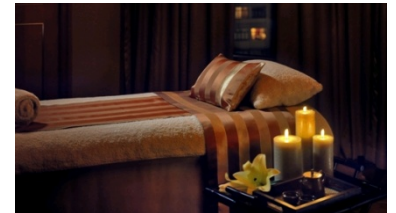
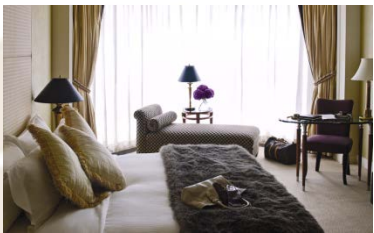


Prime Shopping Destinations



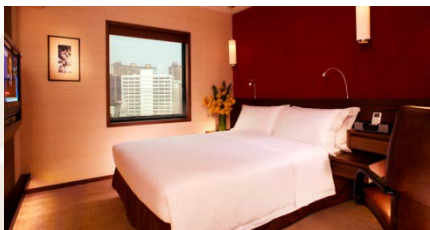
- Close proximity of key tourist and shopping belts, existing and expanding commercial districts and future infrastructure
- Easily accessible via major roads, MTR stations, the Hong Kong International Airport and rail to mainland China

The Langham



Langham Place Hotel





High Quality Portfolio

High Quality Langham Branded Hotels



The Langham

Location	: Tsim Sha Tsui, Kowloon
Year of commencement	: 1994
HKTB rating	: High Tariff A Hotel
GFA ('000 sq.ft.)	: 375
Number of rooms	: 498
Facilities	: 5 restaurants, 1 ballroom, 4 meeting rooms, Jacuzzi, health club, fitness centre



Langham Place Hotel

Location	: Mong Kok, Kowloon
Year of commencement	: 2004
HKTB rating	: High Tariff A Hotel
GFA ('000 sq.ft.)	: 580
Number of rooms	: 666
Facilities	: 5 restaurants, 1 ballroom, 3 meeting rooms, Chuan Spa, fitness centre



Eaton Hotel

Location	: Yau Ma Tei, Kowloon
Year of commencement	: 1990
HKTB rating	: High Tariff B Hotel
GFA ('000 sq.ft.)	: 339
Number of rooms	: 465
Facilities	: 5 restaurants, 3 ballrooms, 2 meeting rooms, fitness centre

Selected Awards



"Top 25 Hotels in China" and "Top 25 Hotels for Service in China" by TripAdvisor Travellers' Choice in 2013



One-star Michelin award for T'ang Court



Best City Hotel – Hong Kong Award by TTG Travel Awards in 2012



"Top 25 Hotels in China" by TripAdvisor Travellers' Choice in 2012



Two-star Michelin award for Ming Court



Condé Nast Gold List 2012



Spa Traveller Awards 2012



Best Eco Hotel 2012 in Hong Kong by HotelClub Hotel Awards (Hong Kong)



Capital Entrepreneur Green Enterprise Awards 2012 by Capital Entrepreneur



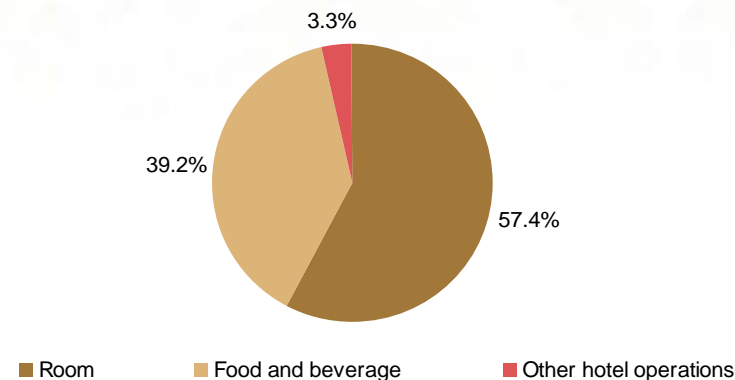
Three high quality Langham branded hotels with a combined 1,629 rooms strategically located on the Kowloon peninsula, Hong Kong

... and have a Balanced Mix of Room and Non-room Revenue

Wide Range of Non-room Revenue Sources

- ✓ Range of award-winning facilities and services
 - Food and beverage
 - Banquet services
 - Meeting and conference facilities
 - Spa facilities
- ✓ Hosted more than 900 wedding banquets in 2012
- ✓ Relatively stable even during the global financial crisis
- ✓ Strong demand from non-hotel customers
- ✓ Well positioned to benefit from Hong Kong's growing MICE market

Balanced Revenue Contribution⁽¹⁾



Award-winning Restaurants



Michelin star-rated restaurants



Ming Court (two-star Michelin),
Langham Place Hotel



T'ang Court (one-star Michelin),
The Langham

Quality Ballroom and Conference Spaces



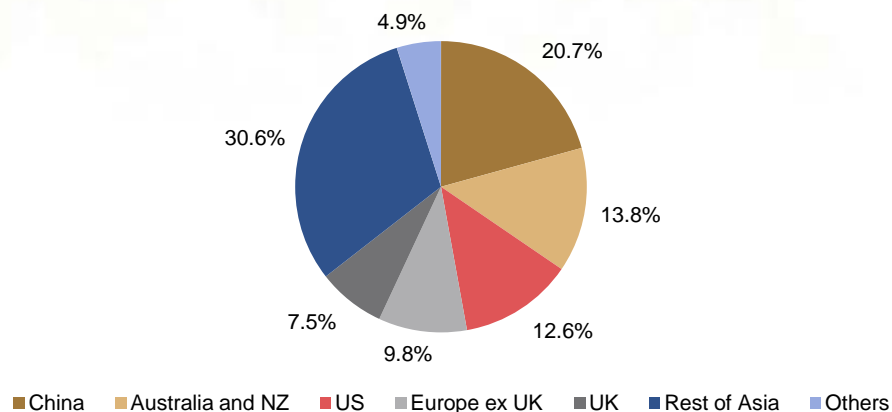
We believe that the majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

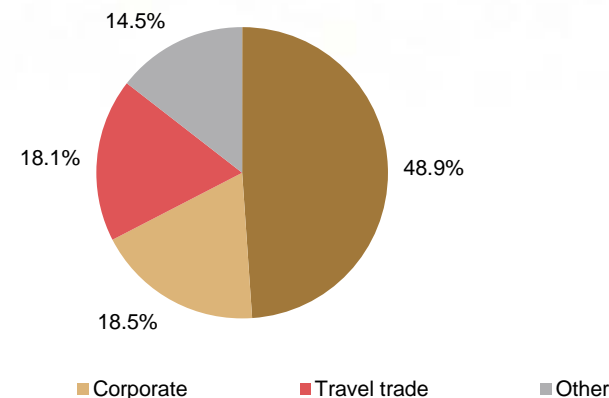
1. For the year ended 31 December 2012

Our Customers are Diversified in Terms of both Geography and Customer Segment...

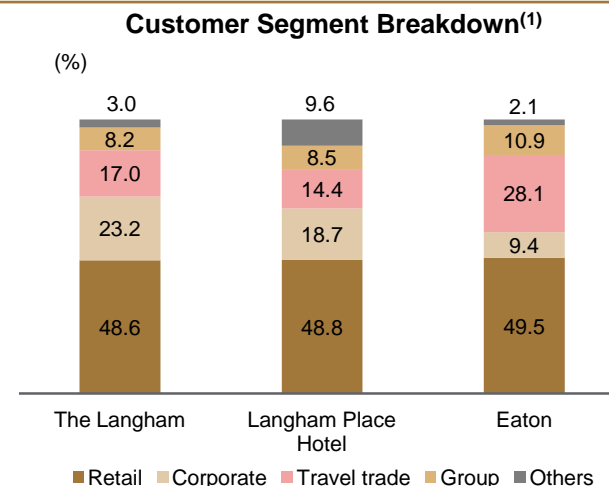
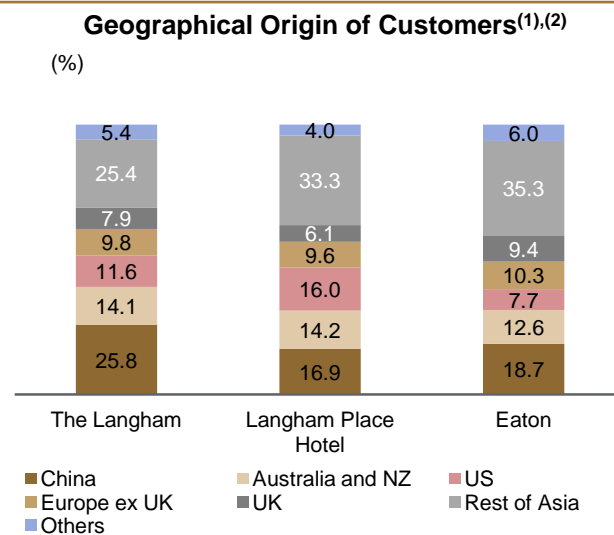
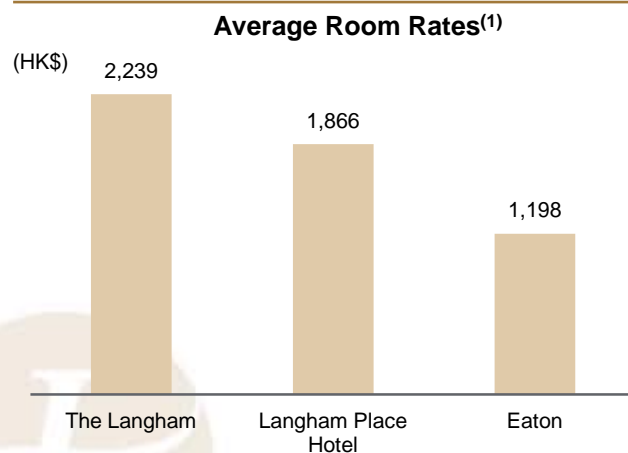
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



Target Different Market Segments and Do Not Directly Compete with Each Other



Note:

1. For the year ended 31 December 2012

2. Based on self-reported data collected at the time of guest registration and have not been subject to audit or review by an independent third party. Such data excludes room revenue derived from airline crew and others from unidentified countries and other miscellaneous revenue and service charges

Our Hotels are Managed under the Internationally Recognised Langham Brands by the Hotel Manager, Langham Hotels International Limited

Our Unique Position



- Since 1865
- Unique style
- European heritage
- Classic charm
- Luxury bespoke service



- Luxury in a modern setting
- “Young at heart” style of service
- Features all of the hallmarks of “The Langham” brand



- Since 1990
- Mid-scale to up-scale brand
- Embodies modern design
- Value for money philosophy



Description of the Hotel Manager

- Langham Hotels International Limited is a wholly-owned subsidiary of Great Eagle
- An operating track record of over 20 years
- One of the largest luxury hotel operators in Hong Kong
- Local expertise and experience
- Increasing exposure to other worldwide gateway cities

Selected Awards of Hotels Managed by the Hotel Manager



We believe strong brand recognition is one of the factors that has enabled the Hotels to command prices at the high end of their competitive market segments

The Langham Brands have a Presence across Four Continents

Hotels in Hong Kong and China



The Langham, Hong Kong
Location: Hong Kong
Total rooms: 498



Langham Place Hotel
Location: Hong Kong
Total rooms: 666



Eaton, Hong Kong
Location: Hong Kong
Total rooms: 465



The Langham, Xintiandi, Shanghai
Location: China
Total rooms: 357



Langham Place, Beijing Capital Airport
Location: China
Total rooms: 372



Eaton Luxe, Nanqiao, Shanghai
Location: China
Total rooms: 204



The Langham, Shenzhen
Location: China
Total rooms: 352



Eaton Luxe, Xinqiao, Shanghai
Location: China
Total rooms: 212



88 Xintiandi, Shanghai
Location: China
Total rooms: 53

Future pipeline in China⁽¹⁾

Langham Place, Guangzhou (2013)
Langham Place, Ningbo (2013)
Langham Place, Datong (2015)
Langham Place, Qingdao (2013)

Langham Place, Xiamen (2014)
Eaton Luxe, Qingdao (2015)
The Langham, Haikou (2014)
Langham Place, Dalian (2016)

Future pipeline in the U.S.⁽¹⁾

The Langham, Chicago (2013)

Hotels in Europe / America



The Langham, London
Location: United Kingdom
Total rooms: 378



Eaton Chelsea
Location: Canada
Total rooms: 1,590



The Langham, Boston
Location: United States
Total rooms: 318



The Langham, Pasadena
Location: United States
Total rooms: 411



The Langham, Auckland
Location: New Zealand
Total rooms: 411



The Langham, Melbourne
Location: Australia
Total rooms: 388



The Langham, Sydney
Location: Australia
Total rooms: 100

Hotels in India



Eaton Smart, New Delhi Airport
Location: India
Total rooms: 93

● - Existing hotels ● - Pipeline hotels

- Currently manages a portfolio of 20 hotels comprising over 7,400 rooms
- Pipeline of hotels to be opened in next 3 years⁽¹⁾

Note:

1. Source: Great Eagle Holdings Company filings



2013 Interim Results

Highlights of Interim Results 2013

Hotels outperformed its respective markets

- First reporting period only consists of 32 operating days
- RevPAR on a six-month basis continued to grow over 1H 2013
- Performance of the hotels have outperformed their respective High Tariff A and B markets

Non-cash item impacted profit

- Distribution per share stapled unit over the reporting period was HK 2.11 cents
- One-off HK\$34.7 mil relating to listing expense impacted profit
- But NOT on distribution or profit forecasts

Distributable income not impacted

- The above turned a profit after tax to a loss of HK\$6.6 mil, but..
- Gross and Net Property Income was HK\$55.8 mil & HK\$46.2 mil..
- ..respectively, and Distributable income came to HK\$39.1m

Past trend & Outlook

- Over 1H 2013, arrivals from China and part of Asian countries continued to grow, but arrival from majority of the long-haul markets have remained weak
- In terms of outlook, booking pace is encouraging, but booking window is short

Hotels performance

The Langham, Hong Kong

- Continued to accommodate more individual leisure tourist arrivals from Mainland China and other Asia-Pacific regions
- Arrivals from the long haul markets remained weak, but some rebound from the U.S.

Langham Place, Hong Kong

- Rising corporate and leisure travellers from Mainland China, and other Asian countries
- Travellers from Europe remained slow, with the exception of arrivals from the UK

Eaton Hotel, Hong Kong

- The renovation at the Eaton Hotel from 2Q 2013 has negatively impacted performance of the hotel
- However, revenue from food and beverages rose 7% year-on-year

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- In May 2013, there were some sign of slower revenue growth amid uncertainties in the global economies
- However, performance of the hotels has improved in June 2013

2013 Interim results

From Listing date 30th May 2013 to the end of June 2013

	1H 2013
	(HK\$ '000)
Fixed Rental Income	19,726
Variable Rental Income	35,675
Rental Income from retail shops	422
Gross Rental Income	55,823
Property operating expenses	(2,725)
Services Fees (Including hotel management fee)	(6,875)
Net Property Income	46,223

Note:

1. The first distribution entitlement will be made for the period from the listing date to 31 December 2013

2013 Interim results

From Listing date 30th May 2013 to the end of June 2013

	1H 2013
	(HK\$ '000)
Net Property Income	46,223
Trust and other expenses (including listing expense amounting to HK\$34.695 mil)	(35,882)
Net finance cost	
Finance cost	(11,405)
Interest income	201
	(11,204)
Income tax	(5,741)
Loss attributable to holders of share stapled units for the period	(6,604)
Profit attributable to holders excluding the impact of listing expense	28,091

Note:

1. The first distribution entitlement will be made for the period from the listing date to 31 December 2013

2013 Interim results

From Listing date 30th May 2013 to the end of June 2013

Adjustment to Distributable Income:	1H 2013
	(HK\$ '000)
Loss attributable to holders of share stapled units for the period	(6,604)
Listing expense	34,695
Hotel management fee paid in share stapled units	5,462
Amortisation of debt upfront fee	3,016
Deferred tax	4,371
Cash contribution to FF&E reserve	(1,885)
Distributable income to Share Stapled Unitholders	39,055

Note:

1. The first distribution entitlement will be made for the period from the listing date to 31 December 2013

2013 Interim results

Hotels operating performance for a six-month period

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	1H 2013	1H 2012	1H 2013	1H 2012	1H 2013	1H 2012	1H 2013	1H 2012
The Langham, Hong Kong	495	495	85.4%	81.6%	2,254	2,221	1,924	1,811
Langham Place, Hong Kong	652	654	87.7%	85.8%	1,846	1,850	1,619	1,587
Eaton, Hong Kong	440	461	93.3%	92.5%	1,159	1,141	1,082	1,055
Y-o-y growth in 1H 2013	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	3.8		1.5%		6.2%		7.0%	
Langham Place, Hong Kong	1.9		- 0.2%		2.0%		1.0%	
Eaton Smart, Hong Kong	0.9		1.6%		2.5%		7.0%	
Respective markets								
High Tariff A Hotels	2.0		-2.3%		0.1%			
High Tariff B Hotels	(1.0)		-1.5%		- 2.6%			

Note:

1. The Langham and Langham Place are classified as Tariff A hotels, whereas the Eaton is classified as a Tariff B hotel.

Balance sheet

**Current Unit price
implying a discount**

- The hotel properties were revalued at HK\$16,661 m, and NAV attributable to share stapled unitholders is HK\$5.19 per unit.
- Current unit price of LHI is implying a discount to NAV.

**Cash on hand amounted
HK\$622 million**

- Distributions for the period will be paid with together with 2H distributions.
- As at 30 June 2013, LHI had a cash balance of HK\$622 m

**Look for window to fix
Interest rate**

- A term loan of HK\$6,800 m was drawn on listing date, all are on floating basis
- However, we try watch for the window to fix the rate on part or all of the loan

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- With a total borrowing to gross assets of 39.3%, and interest expense coverage ratio at about four times
- LHI 's financial position is healthy

Going forward, we have an i) Acquisition Growth Strategy,.....

The Great Eagle ROFR – Initial Focus in Asia

- Completed standalone hotel in Asia which GE proposes to sell⁽¹⁾
- Completed hotels in Asia which GE is offered opportunity to buy⁽¹⁾
- Uncompleted hotels upon completion in Asia⁽²⁾
- Completed hotels to be branded under the Langham brands or other Eaton brands⁽¹⁾

LHI Strengths as an Acquirer

- ✓ Owner-operator
- ✓ Senior management's track record in acquisition and development
- ✓ Attractive initial core Hong Kong portfolio

Acquisition criteria:

(a) Total return enhancing; (b) Initial focus on hotels in Asia; (c) Strong fundamentals, organic growth and asset enhancement potential

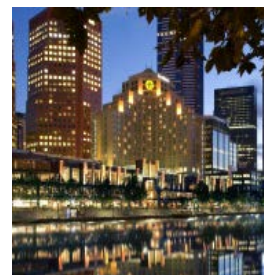
Great Eagle's Remaining Global Portfolio⁽³⁾



The Langham, London



The Langham, Boston



The Langham, Melbourne



The Langham, Sydney



The Langham, Auckland



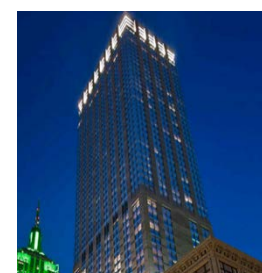
The Langham, Pasadena



The Langham, Xintiandi



Eaton Chelsea, Toronto



Langham Place, New York⁽⁴⁾

Pipeline hotels:

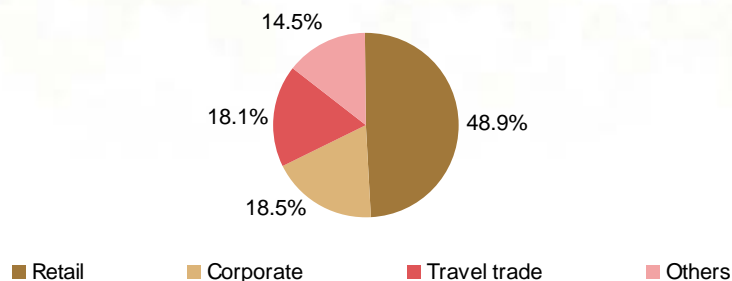
- ✓ The Langham, Chicago⁽⁴⁾
- ✓ The Langham, Dalian⁽⁵⁾

Note:

1. Which the Great Eagle Group owns an over 30% interest and that is being managed/proposed to be managed under the Langham Brands or Other Eaton Brands
2. Any uncompleted, stand-alone hotel development project in Asia to be operated under the Langham Brands or Other Eaton Brands on completion and any completed hotel to be segregated from the multi-purpose development of which it forms a part, and in which the Great Eagle Group owns an over 30% interest, provided that completion or segregation, as applicable, occurs prior to the expiry of the Great Eagle ROFR
3. These properties are not subject to the existing ROFR, except The Langham, Xintiandi and The Langham, Dalian, which are technically subject to ROFR
4. To be opened in 2013; The acquisition of Langham Place, New York is subject to fulfillment of certain closing conditions
5. To be opened in 2016

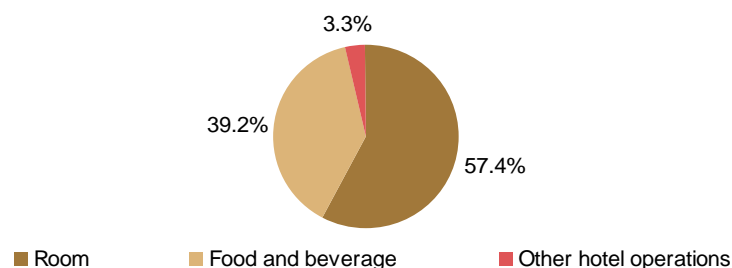
....as well as an ii) Active Asset Management Strategy to grow distributions for our share stapled unitholders

Customer Mix⁽¹⁾



- ✓ Actively managed customer mix to maximise RevPAR
- ✓ A degree of revenue stability from corporate and travel trade segments
- ✓ Upside potential to increase proportion of retail customers when opportunity arises

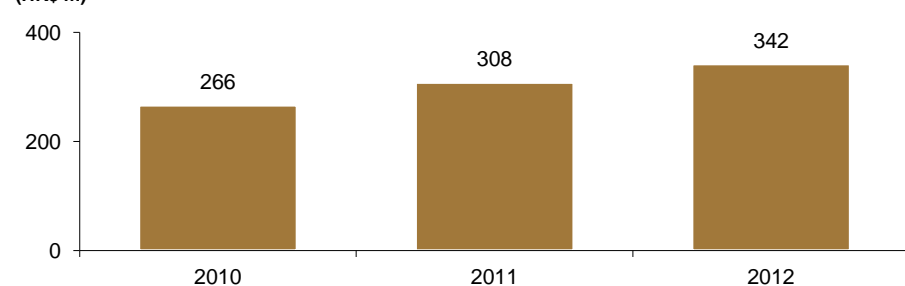
Food and Beverage Contribution to Revenues⁽¹⁾



- ✓ Award winning food and beverage outlets
- ✓ Hong Kong customer base not affected by changes in demand from overseas travellers
- ✓ Ballrooms and conference spaces earn additional revenue

Eaton Hotel Room Refurbishment

(HK\$ m) **94 rooms refurbished during 2012 – room revenue remains resilient**



- ✓ Eaton's soft refurbishment of 94 rooms in 2012 (c.20% of total rooms)
- ✓ Refurbished with a view to rejuvenate and modernise the rooms
- ✓ Optimise the Hotel's value by commanding higher room rates post-refurbishment

Note:

1. For the year ended 31 December 2012

Past examples of our Active Asset Management Strategy

Growing Non-room Revenue



Transformation of Eaton Retail Centre / Cinema into Catering and Ballroom Spaces

Identifying New Sources of Revenue



An empty, underutilised and unlicensed space was converted into “the backyard”



Transformation of empty space into “the backyard”

- The Hotel Manager has a proven track record of active asset management and asset enhancement
- We intend to work closely with the Hotel Manager to seek to identify other such opportunities

To conclude, LHI is well positioned and will benefit from the Attractive Outlook of the Hong Kong Hospitality Sector

Favourable Macro Trends

- Benefit from the potential demand versus supply gap

Actively Managed Brands

- Global brand with an “owner-manager” mentality

Strategic Locations

- Prime locations on the Kowloon peninsula

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HOSPITALITY INVESTMENTS

- Our objective is to provide stable distributions with the potential for sustainable long term growth of such distributions and enhancement in the value of the hotel portfolio

Thank You

