

Langham Hospitality Investments And Langham Hospitality Investments Limited

1Q 2015



Unique Exposure to the Attractive Hong Kong Hospitality Sector

Long-term 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

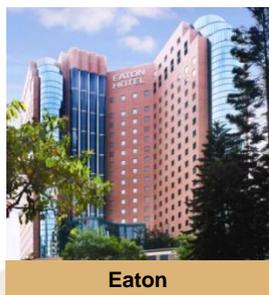
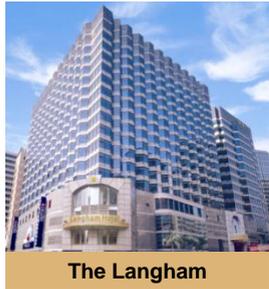
- Prime locations on the Kowloon peninsula
- Major infrastructure and commercial centres under development
- Limited current and forecast future supply

LANGHAM
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
- 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



THE LANGHAM
Hong Kong



Langham Place Hotel

LANGHAM PLACE
MONGKOK, HONG KONG



Eaton



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



Two-star Michelin award for T’ang Court



Named 5-Star Hotel by Forbes Travel Star Ratings



“Top 25 Hotels in China” by TripAdvisor Travellers’ Choice in 2012



One-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



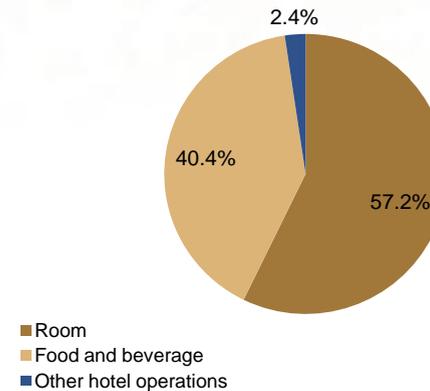
Three high quality Langham branded hotels with a combined 1,629 rooms strategically located on the Kowloon peninsula, Hong Kong

... 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
- ✓ 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 (One-star Michelin),
Langham Place Hotel



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

Quality Ballroom and Conference Spaces



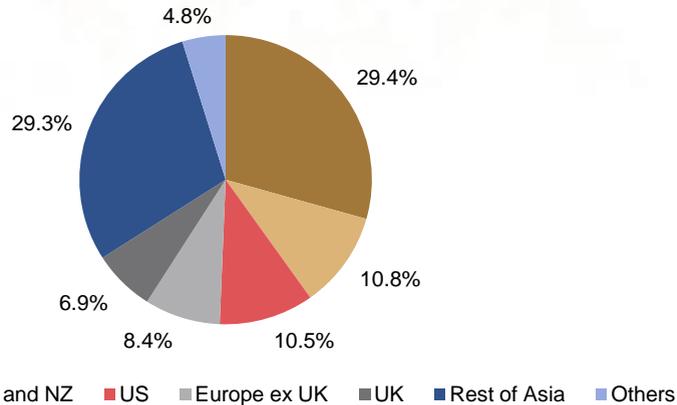
We believe that the majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

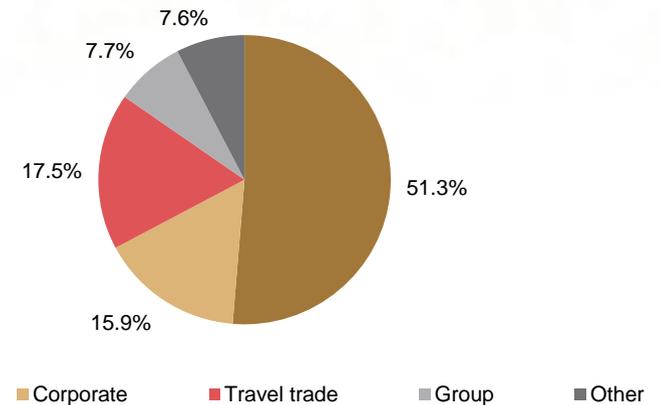
1. For the year ended 31 Dec 2014

During 2014, our Customers are Diversified in Terms of both Geography and Customer Segment...

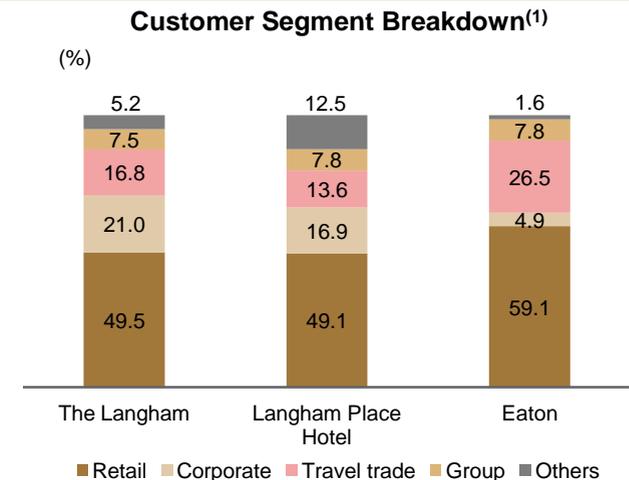
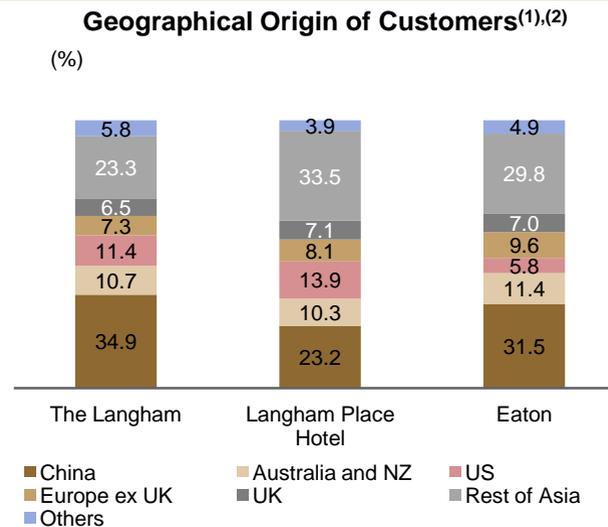
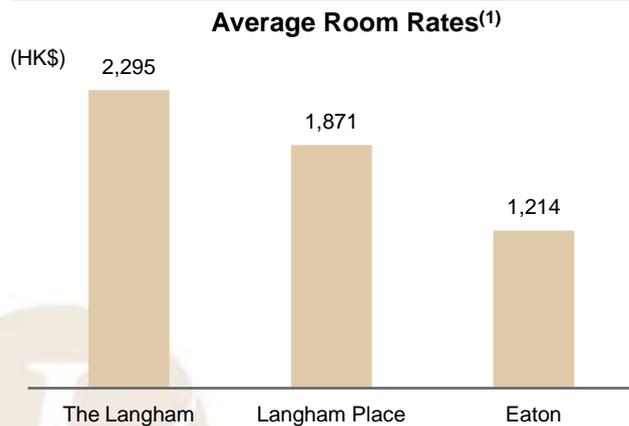
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



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



Note:

1. For the year ended 31 Dec 2014
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



THE LANGHAM
Hotels and Resorts

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





LANGHAM PLACE
HOTELS AND RESORTS

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





EATON
HOTELS INTERNATIONAL

- 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



2014 Final Results

Highlights of Final Results 2014

RevPAR growth in 2014 was dragged by protest activities in Q4 2014

- RevPAR over the first three quarters of 2014 reached 4.3%
- However, RevPAR declined by 10% in the fourth quarter of 2014
- Full year RevPAR was flat in 2014 as compared with that in 2013

Impact of the protest activities on F&B was mixed in Q4 2014

- F&B revenue at Langham Place Hotel dropped 9.3% y-o-y in Q4
- At the Eaton, revenue from F&B rose 9.2% y-o-y in Q4
- For The Langham, F&B revenue down 0.6% y-o-y in Q4

Distribution per share Staped unit of HK29.8 cents

- For the full year, profit *excluding* revaluation gain was HK\$401.5m
- Distributable income reached HK\$558.8 m
- Distribution per share staped unit for unit holders of HK29.8 cents

Outlook

- The lag effect of the protests also impacted business extending into 2015
- RevPAR continued to decline in January 2015, but the rate of decline has narrowed further



Q4 2014

Hotels operating performance in Q4 2014

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013
The Langham, Hong Kong	496	495	88.3%	93.6%	2,409	2,446	2,128	2,289
Langham Place, Hong Kong	649	651	85.7%	94.3%	1,941	2,075	1,664	1,955
Eaton, Hong Kong	465	465	96.5%	97.6%	1,312	1,377	1,267	1,343
Y-o-y growth in 1H 2014	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	-5.3		-1.5%		-7.0%		- 0.6%	
Langham Place, Hong Kong	-8.6		-6.5%		-14.9%		- 9.3%	
Eaton, Hong Kong	-1.1		-4.7%		-5.7%		9.2%	
Respective markets								
High Tariff A Hotels	-3.7		0.0%		-4.1%			
High Tariff B Hotels	-0.3		-4.8%		-5.1%			

Note:

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

Hotels performance

The Langham, Hong Kong

- In 2014, the hotel continued to house more individual arrivals from Mainland China
- Arrivals from most other markets declined in 2014

Langham Place, Hong Kong

- Enjoyed decent growth in arrivals from Mainland China and other Asian countries throughout the first three quarters of 2014
- The most impacted hotel from the protest activities in Q4
- Accommodated more lower-yielding airline crew travellers in Q4

Eaton Hotel, Hong Kong

- The hotel was the least impact from the protests activities
- However, it still faces pressure on occupancy in Q4
- The hotel accommodated more lower yielding group travellers in order to maintain its high occupancy over Q4

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HOSPITALITY INVESTMENTS

- RevPAR for the portfolio was up 0.1% y-o-y in 2014
- Revenue from food and beverage rose 2.9% y-o-y in 2014, as banqueting business remained strong in 2014.
- EBITDA of the hotel portfolio fell in 2014.

2014 Final Results

	2014	2013
	(HK\$ mn)	(HK\$ mn)
Fixed Rental Income	225.0	133.1
Variable Rental Income	521.5	335.7
Rental Income from retail shops	5.2	3.0
Gross Rental Income	751.7	471.8
Property operating expenses	(33.0)	(18.7)
Services Fees (Including hotel management fee)	(94.7)	(58.7)
Net Property Income	624.0	394.4

Note:

1. For 2013, period from listing date 30th May 2013 to the end of Dec 2013

2014 Final Results

	2014	2013
	(HK\$ mn)	(HK\$ mn)
Net Property Income	624.0	394.4
Other income	0.3	-
Net exchange gain/(loss)	(12.1)	4.4
Increase in fair value of investment properties	155.6	25.5
Trust and other expenses (including listing expense booked in 2013)	(12.2)	(42.8)
Net finance cost		
Finance cost	(130.8)	(76.8)
Interest income	19.3	5.2
Profit before tax	644.1	309.9
Income tax	(87.0)	(37.5)
Profit attributable to holders of Share Stapled Units	557.1	272.4
Profit attributable to holders excluding the impact of fair value change	401.5	246.8

Note:

1. For 2013, period from listing date 30th May 2013 to the end of Dec 2013

2014 Final Results

Adjustment to Distributable Income:	2014	2013
	(HK\$ mn)	(HK\$ mn)
Profit attributable to holders of share stapled units for the period	557.1	272.4
Listing expense	-	34.7
Hotel management fee and licence fee paid in share stapled units	75.7	47.1
Amortisation of debt upfront fee	34.0	20.0
Deferred tax	60.5	19.5
Cash contribution to FF&E reserve	(24.9)	(15.0)
Increase in fair value of investment properties	(155.6)	(25.6)
Non-cash net exchange loss/(gain)	12.0	(4.4)
Distributable income to Share Stapled Unitholders	558.8	348.8
Distribution per unit (HK\$) - after distribution waiver	0.298	0.188
Distribution per unit (HK\$) - before distribution waiver	0.276	0.174

Note:

1. For 2013, period from listing date 30th May 2013 to the end of Dec 2013

2014 Final Results

Hotels operating performance

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	2014	2013	2014	2013	2014	2013	2014	2013
The Langham, Hong Kong	465	495	88.9%	88.9%	2,295	2,266	2,040	2,013
Langham Place, Hong Kong	650	652	91.2%	90.7%	1,871	1,883	1,706	1,707
Eaton, Hong Kong	465	452	96.1%	95.1%	1,213	1,208	1,166	1,149
Y-o-y growth in 1H 2014	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	0.0		1.3%		1.4%		0.2%	
Langham Place, Hong Kong	0.5		-0.6%		-0.1%		2.6%	
Eaton, Hong Kong	1.0		0.4%		1.5%		7.3%	
Respective markets								
High Tariff A Hotels	0.0		2.9%		2.9%			
High Tariff B Hotels	2.0		0.3%		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\$17,000 m, and NAV attributable to share stapled unitholders is HK\$5.28 per unit.
- Current unit price of LHI is implying a discount to NAV.

**Healthy financial
position**

- As at 31 Dec 2014, the Trust Group's gearing was comfortable at 38.4% .
- With an adequate interest coverage ratio of around 5 times.

**Spread out maturities
upon refinancing**

- A term loan of HK\$6,800 m was drawn on listing date, which will become mature in May 2016.
- Upon refinancing of the loan, the Group will try to spread out maturities to minimise refinancing risk in the long term.

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HOSPITALITY INVESTMENTS

- 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



Washington D.C. hotel



The Langham, Pasadena



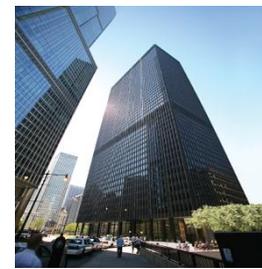
The Langham, Xintiandi



Eaton Chelsea, Toronto



Langham Place, New York



The Langham, Chicago

Pipeline hotels:

- ✓ The Langham, Dalian⁽⁴⁾

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 2017/2018

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

The Langham, Hong Kong

- ✓ Rooms renovation for 103 rooms have been carried out during 3Q 2014.
- ✓ Refurbishment of the Palm Court and Artesian Bar finished in mid September 2014.
- ✓ In 2015, the final phase of the room renovation comprising of 128 rooms will be carried out from 2Q 2015.

Langham Place Hotel, Hong Kong

- ✓ Renovation of Lobby and the Alibi bar finished in December 2014.
- ✓ Rooms renovation scheduled for 2Q 2015.
- ✓ The hotel will be rebranded to Langham's "Cordis" brand in 2Q 2015.

Eaton, Hong Kong

- ✓ All the rooms at the Eaton have been refurbished in 2013 .
- ✓ Renovations of the Hotel entrance, lobby, ballroom and meeting place are being planned.
- ✓ Subject to finalisation, scheduled to start work in 2016.

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. The Hong Kong Government expects Hong Kong to receive c. 70m and c. 100m tourists in 2017 and 2023 respectively (2014: 60.8m)

Actively Managed Brands

- Global brand with an “owner-manager” mentality

Strategic Locations

- Prime locations on the Kowloon peninsula

LANGHAM
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

