

Langham Hospitality Investments And Langham Hospitality Investments Limited

3Q 2015



Unique Exposure to the Hong Kong Hospitality Sector

Long-term Favourable Macro Trends

- International trade / finance hub and popular shopping / tourist destination
- More tourism and infrastructure projects are under development

Actively Managed Brands

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

Strategic Locations

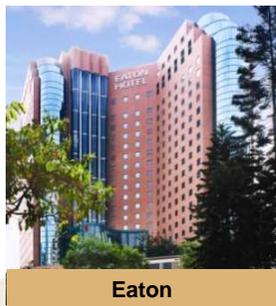
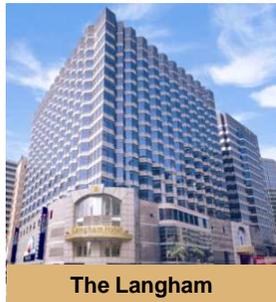
- Prime locations on the Kowloon peninsula
- Major infrastructure and commercial centres under development
- Limited current and forecast future supply

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

HONG KONG



LANGHAM PLACE

MONGKOK, HONG KONG





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



Two-star Michelin award for T'ang Court



Best City Hotel – Hong Kong Award by TTG Travel Awards



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



One-star Michelin award for Ming Court



Condé Nast Gold List



Spa Traveller Awards



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



Capital Entrepreneur Green Enterprise Awards by Capital Entrepreneur



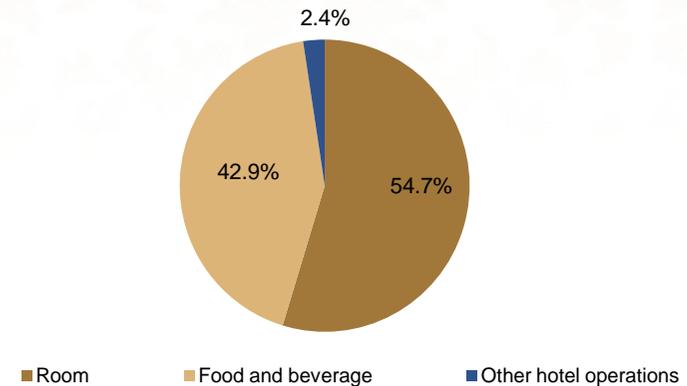
Three high quality Langham branded hotels with a combined 1,629 rooms strategically located on the Kowloon peninsula, Hong Kong

... 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



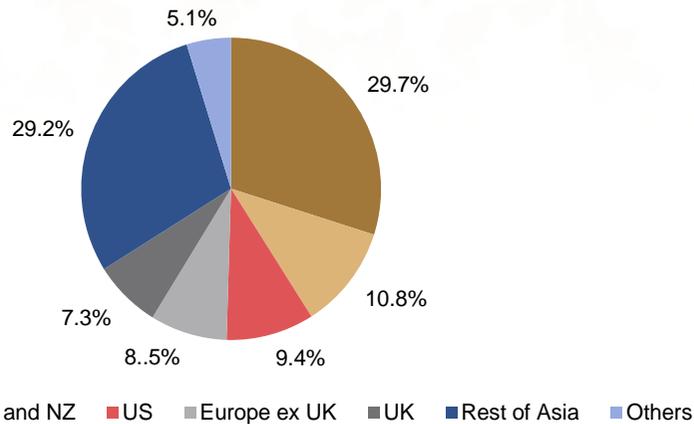
We believe that the majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

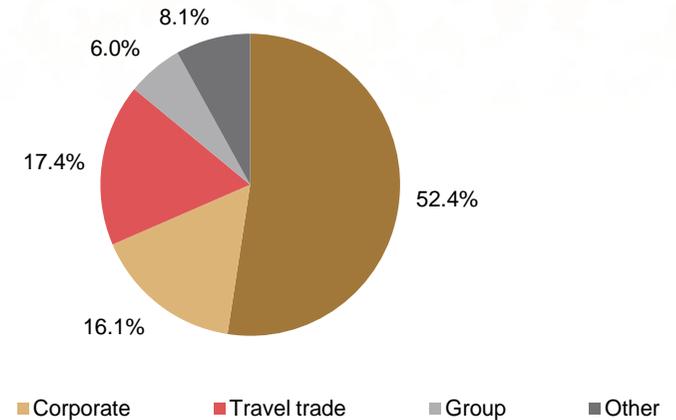
1. For the six month period ended 30 June 2015

Breakdown by Geography and Customer Segment during 1H 2015

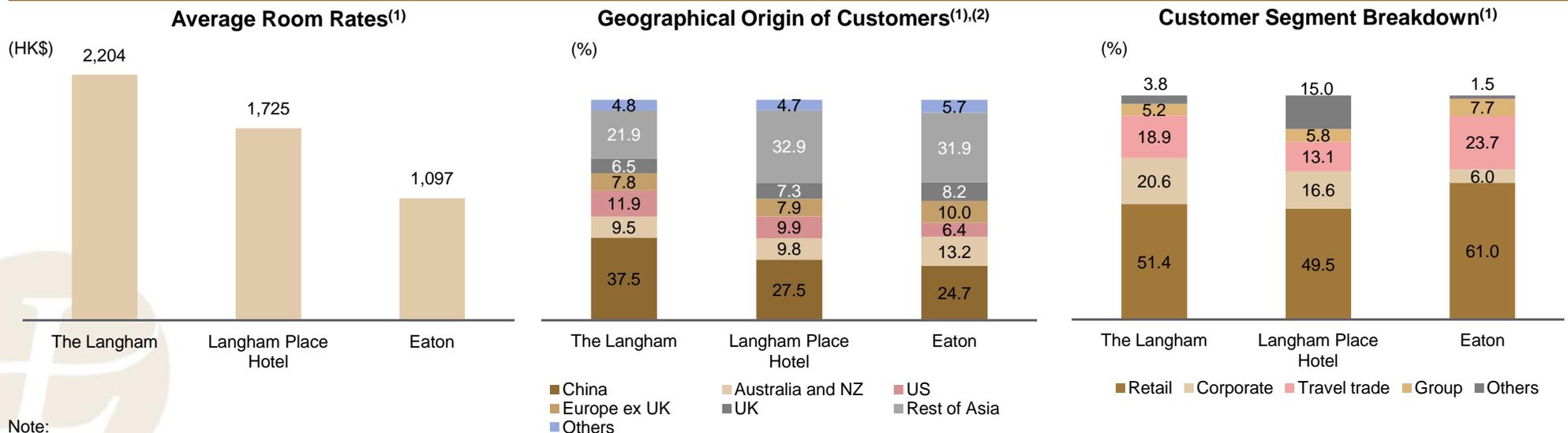
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



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



Note:

- For the six months ended 30 June 2015
- 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





- 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, Ningbo Culture Plaza
Location: China
Total rooms: 143



Langham Place Hotel
Location: Hong Kong
Total rooms: 666



Langham Place, Xiamen
Location: China
Total rooms: 327



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



Langham Place, Guangzhou
Location: China
Total rooms: 500



Future pipeline⁽¹⁾

Langham Place, Datong	Langham Place, Qingdao
Eaton Luxe, Qingdao	Palm Jumeirah, Dubai
The Langham, Haikou	Langham Place, Dalian
Langham Place, Haining	The Langham, Jakarta

Hotels in Europe / America



Eaton Washington D.C.
Location: United States
Total rooms: 265



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



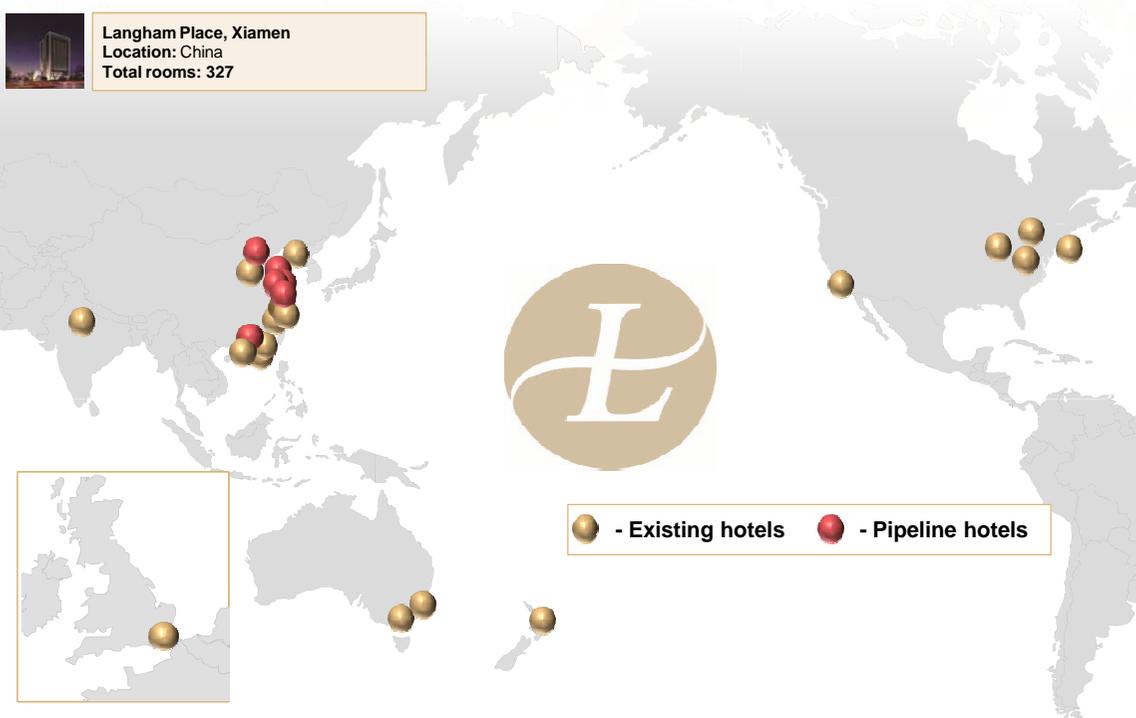
The Langham, Pasadena
Location: United States
Total rooms: 411



The Langham, Chicago
Location: United States
Total rooms: 316



Langham Place Fifth Avenue, New York
Location: United States
Total rooms: 214



Hotels in Australia / NZ



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



The Langham, Melbourne
Location: Australia
Total rooms: 388



The Langham, Sydney
Location: Australia
Total rooms: 96

Hotels in India



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

- Currently manages a portfolio of 23 hotels comprising over 8,500 rooms
- Pipeline of hotels to be opened in coming years⁽¹⁾

Note:

1. Source: Great Eagle Holdings Company filings



2015 Interim Results

Highlights of Interim Results 2015

RevPAR decline as a result of slower overnight tourist arrivals

- RevPAR for the Trust Group's hotels dropped 12.6% y-o-y
- Room revenue dropped 15%, F&B revenue dropped 1.6% y-o-y
- Total revenue dropped 9.5% and GOP dropped 17.8%

Rental income partially supported by fixed rent

- Total rental income dropped 12.2% to HK\$323.2 million
- Profit *excluding* revaluation deficit came to HK\$165.7 million
- Distributable income declined 16.9% y-o-y to HK\$226.4 million

Distribution per unit also impacted by less units waiving distribution

- Before the impact of distribution waived, distribution per unit was down 17.8% y-o-y to HK11.1 cents
- And was down 19.9% y-o-y after the impact of distribution waived
- As the number of units waiving distribution drop to 100 million units

Outlook

- Demand still under pressure, given a strong Hong Kong dollar and travel sentiment from Mainland tourists visiting Hong Kong remains weak

Hotels performance

The Langham, Hong Kong

- Arrivals from Mainland China managed to sustain and remain flat in the first half of 2015
- However, arrivals fell for almost all of the other key markets, including other Asian countries, Australia, Europe and the U.S.

Langham Place, Hong Kong

- The Hotel started to build up business from the lower yielding aircrew travellers earlier during the year, and there was a 13.4% year-on-year growth in arrivals from this group
- but arrivals fell from all other key markets

Eaton Hotel, Hong Kong

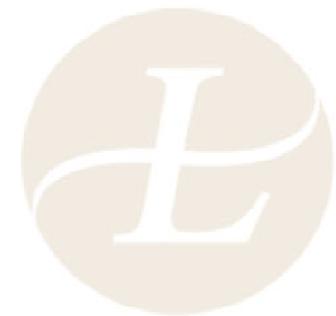
- Witnessed the biggest drop in arrivals from the Mainland China market
- Small increases from some of the other key markets like Australia and the U.K.

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- Revenue from F&B decreased by 1.6%
- If there was not a decline in F&B revenue witnessed at Langham Place Hotel, Hong Kong due to the two month renovation of The Place, there would have been a growth of 0.9% in F&B revenue

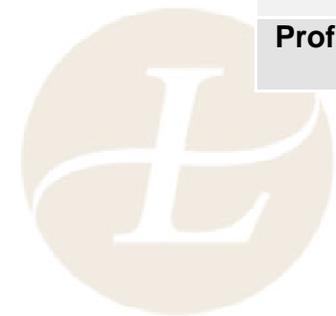
2015 Interim Results

	1H 2015	1H 2014	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	111.6	111.6	-
Variable Rental Income	208.9	254.2	-17.8%
Rental Income from retail shops	2.7	2.5	+ 8.0%
Gross Rental Income	323.2	368.3	-12.2%
Property operating expenses	(17.2)	(16.4)	+4.9%
Services Fees (Including hotel management fee)	(40.1)	(46.6)	-13.9%
Net Property Income	265.9	305.3	-12.9%



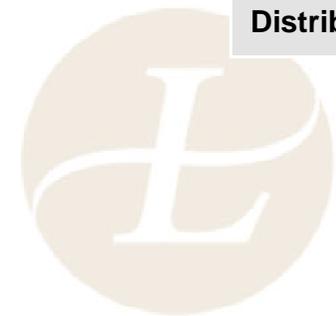
2015 Interim Results

	1H 2015	1H 2014	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	265.9	305.3	-12.9%
Net exchange gain/(loss)	(1.0)	(13.8)	-92.8%
Increase/(Decrease) in fair value of investment properties	(85.0)	3.9	n.m.
Trust and other expenses	(5.2)	(5.3)	-1.9%
Net finance cost			
Finance cost	(65.8)	(64.8)	+1.5%
Interest income	7.4	9.8	-24.5%
Other income	0.1	-	n.a.
Profit before tax	116.4	235.1	-50.5%
Income tax	(35.7)	(42.8)	-16.6%
Profit attributable to holders of Share Stapled Units	80.7	192.3	-58.0%
Profit attributable to holders excluding the impact of fair value change	165.7	188.4	-12.0%



2015 Interim Results

Adjustment to Distributable Income:	1H 2015	1H 2014	
	(HK\$ mn)	(HK\$ mn)	Change
Profit attributable to holders of share stapled units for the period	80.7	192.3	-58.0%
Net exchange loss on Renminbi holdings	1.0	13.8	- 92.8%
Hotel management fee and licence fee paid in share stapled units	32.0	37.1	-13.7%
Amortisation of debt upfront fee	17.0	17.0	-
Deferred tax	26.7	28.6	-6.3%
Cash contribution to FF&E reserve	(11.1)	(12.2)	- 9.0%
Change in fair value of investment properties	85.0	(3.9)	n.m.
Realised exchange loss on Renminbi holdings	(4.9)	-	n.a.
Distributable income to Share Stapled Unitholders	226.4	272.6	-16.9%
Distribution per unit (HK\$) - after distribution waiver	0.117	0.146	-19.9%
Distribution per unit (HK\$) - before distribution waiver	0.111	0.135	-17.8%



2015 Interim results

Hotels operating performance for a six-month period

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014
The Langham, Hong Kong	472	485	81.8%	88.0%	2,204	2,291	1,802	2,017
Langham Place, Hong Kong	619	650	88.2%	92.5%	1,725	1,871	1,522	1,731
Eaton, Hong Kong	465	465	86.2%	95.7%	1,097	1,178	946	1,127
Y-o-y growth in 1H 2014	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	- 6.2		-3.8%		-10.7%		2.8%	
Langham Place, Hong Kong	- 4.3		-7.8%		-12.1%		-7.6%	
Eaton Smart, Hong Kong	- 9.5		-6.9%		-16.1%		3.5%	
Respective markets								
High Tariff A Hotels	- 4.0		-7.2%		-11.5%			
High Tariff B Hotels	-5.0		-11.3%		-16.2%			

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 flat at HK\$17,000 mn. NAV attributable to share stapled unitholders was HK\$5.17 per unit.
- Current unit price of LHI is implying a discount to NAV.

**Healthy financial
position**

- As at 30 June 2015, the Trust Group's gearing was comfortable at 38.7% .
- With an adequate interest coverage ratio of around 4 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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- 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



Chelsea Hotel, Toronto



Langham Place, New York



The Langham, Chicago

Pipeline hotels:

- ✓ The Langham, Dalian⁽⁴⁾
- ✓ Hotel in Tokyo⁽⁴⁾
- ✓ Hotels in San Francisco⁽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 from 2018 onwards

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

The Langham, Hong Kong

- ✓ Last phase of the room renovation for 128 rooms are underway from early June until late September 2015.
- ✓ Renovation of Gym has been planned for in December 2015.
- ✓ Renovation of the Tang Court has been planned for in 2016.

Langham Place Hotel, Hong Kong

- ✓ Renovation at The Place, which is the main restaurant serving all day dining, was completed in April 2015
- ✓ Renovation of the rooms has started in April 2015 and is expected to complete in November 2015.
- ✓ Rebrand to Cordis in August 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

Thank You

