

Langham Hospitality Investments And Langham Hospitality Investments Limited

1Q 2016



Unique Exposure to the Attractive Hong Kong Hospitality Sector

**Despite short term pressure,
long-term trend remains
favourable**

- Despite pressure in the short term as Hong Kong's strong dollar made it a more expensive tourist destination
- More tourism and infrastructure projects are currently under development, which will support long-term visitor growth

**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
- Where 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



The Langham



Cordis



Eaton



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

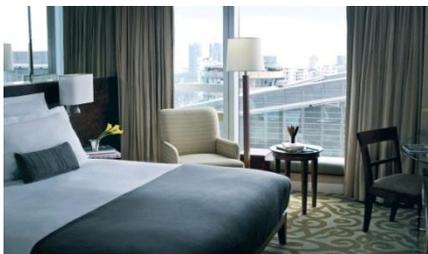
THE LANGHAM

HONG KONG



CORDIS

HONG KONG
AT LANGHAM PLACE





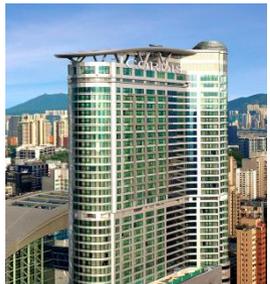
High Quality Portfolio

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



Cordis Hotel (rebranded from Langham Place)

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



Three-star Michelin award for T'ang Court



Best City Hotel – Hong Kong Award by TTTG Travel Awards



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



Two-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



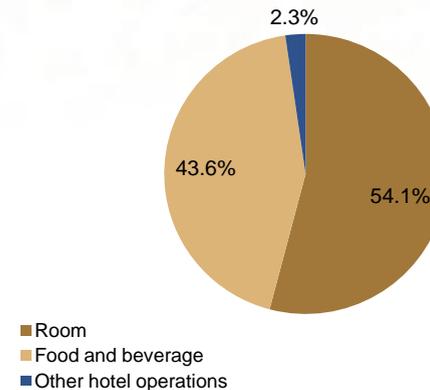
Three high quality Langham branded hotels with a combined 1,629 rooms strategically located on the Kowloon peninsula, Hong Kong

... 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 (Two-star Michelin),
Cordis Hotel



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

Quality Ballroom and Conference Spaces



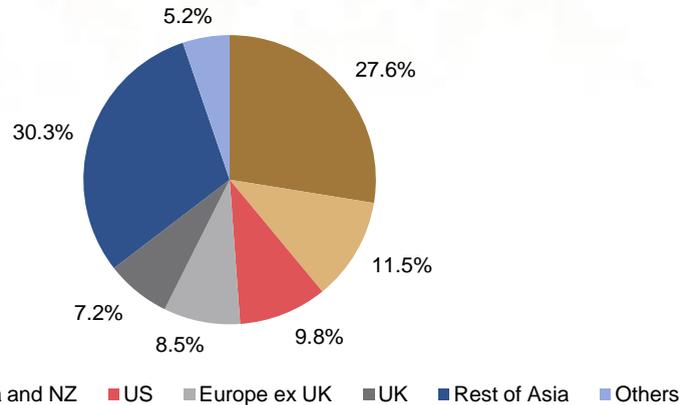
We believe that the majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

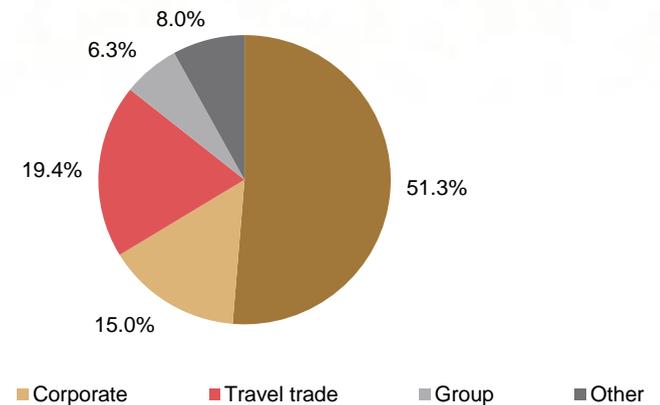
1. For the year ended 31 Dec 2015

During 2015, our Customers are Diversified in Terms of both Geography and Customer Segment...

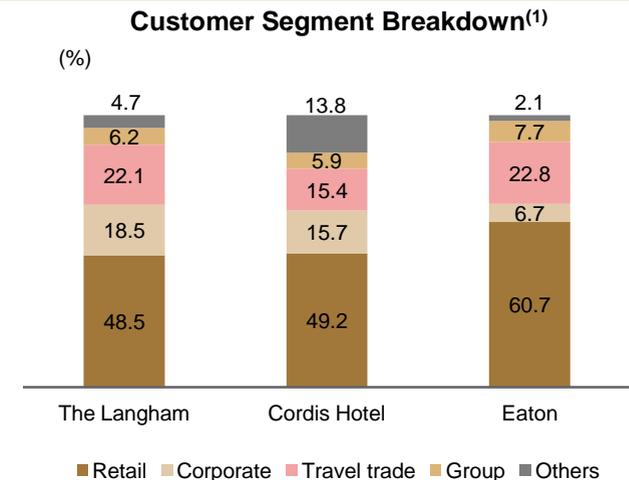
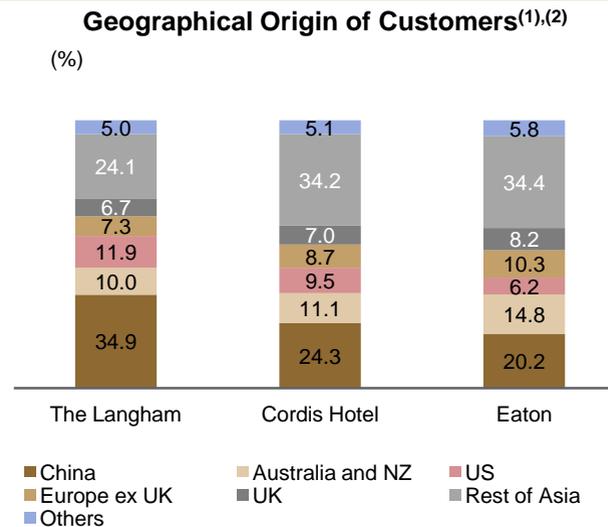
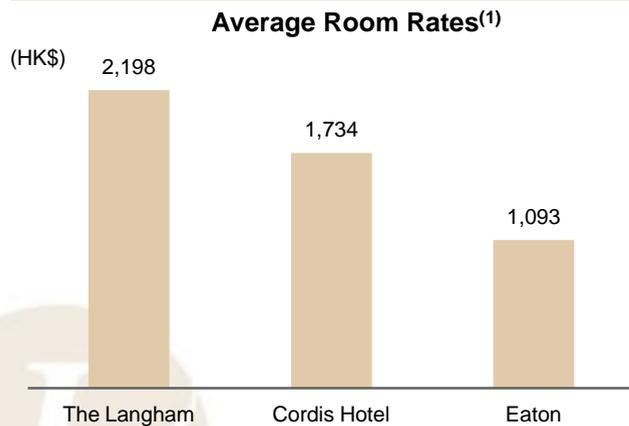
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



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



Note:

- For the year ended 31 Dec 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
HONG KONG

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

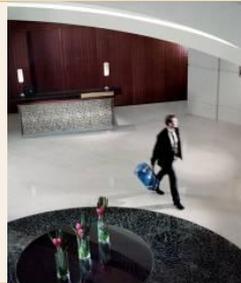


Description of the Hotel Manager

- 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

CORDIS
HONG KONG
AT LANGHAM PLACE

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



Selected Awards of Hotels Managed by the Hotel Manager



EATON
HONG KONG

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



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



2015 Final Results

Highlights of 2015 Final Results

RevPAR decline as a result of slower overnight tourist arrivals

- RevPAR for the Trust Group's hotels dropped by 10.6%
- Room revenue dropped 12.7%, F&B revenue dropped by 0.3%
- Total revenue dropped by 7.7% and GOP dropped by 13.4%

Rental income partially supported by fixed rent

- Total rental income dropped by 9.2% to HK\$682.2 million
- Profit *excluding* revaluation gain of HK\$343.2 million (-14.5%)
- Distributable income declined by 14.5% to HK\$477.5 million

Distribution per unit also impacted by less units waiving distribution

- Before the impact of distribution waived, distribution per unit was down 15.6% y-o-y to HK23.3 cents
- And was down 17.4% y-o-y after the impact of distribution waived
- As the number of units waiving distribution dropped to 100 million

Outlook

- Expect RevPAR for the full year in 2016 to be largely stable, as new supply of hotel rooms in Hong Kong in 2016 is manageable, whilst demand appears to be recovering from the large declines witnessed in the second and third quarter of 2015.

Hotels performance

The Langham, Hong Kong

- Hotel managed to increase its share of arrivals from the Mainland China slightly in 2015 as compared with that in 2014
- However, arrivals fell for almost all of the other key markets, including other Asian countries, Australia and Europe

Cordis, Hong Kong

- Rebranded from Langham Place Hotel in August 2015
- Accommodated more arrivals from the Mainland China
- But arrivals from most of the other key markets had dropped

Eaton Hotel, Hong Kong

- Hotel witnessed a 34.7% drop in arrivals from the Mainland China, as it faced intense competition from lower-priced hotels
- Accommodated more budget travellers from other key markets like Australia, U.S., U.K. and other Asian countries

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- Revenue from F&B decreased by 0.3%
- Attributable to the strong domestic F&B consumption, as well as a low base effect, since certain restaurants were closed for renovations during the prior year

2015 Final Results

	2015	2014	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	225.0	225.0	-
Variable Rental Income	451.8	521.5	-13.4%
Rental Income from retail shops	5.4	5.2	+ 3.8%
Gross Rental Income	682.2	751.7	- 9.2%
Property operating expenses	(34.4)	(33.0)	+4.3%
Services Fees (Including hotel management fee)	(84.4)	(94.7)	-10.9%
Net Property Income	563.4	624.0	- 9.7%



2015 Final Results

	2015	2014	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	563.4	624.0	- 9.7%
Net exchange gain/(loss)	(8.6)	(12.1)	- 28.9%
Increase/(Decrease) in fair value of investment properties	1,099.0	155.6	n.m.
Trust and other expenses	(12.5)	(12.2)	2.5%
Net finance cost			
Finance cost	(131.8)	(130.8)	0.8%
Interest income	9.2	19.3	- 52.3%
Other income	0.1	0.3	n.m.
Profit before tax	1,518.8	644.1	135.8%
Income tax	(76.6)	(87.0)	-12.0%
Profit attributable to holders of Share Stapled Units	1,442.2	557.1	158.9%
Profit attributable to holders excluding the impact of fair value change	343.2	401.5	-14.5%



2015 Final Results

Adjustment to Distributable Income:	2015	2014	
	(HK\$ mn)	(HK\$ mn)	Change
Profit attributable to holders of share stapled units for the period	1,442.2	557.1	158.9%
Unrealised exchange loss on Renminbi holdings	-	12.0	n.a.
Hotel management fee and licence fee paid in share stapled units	67.8	75.7	-10.4%
Amortisation of debt upfront fee	34.0	34.0	-
Deferred tax	63.0	60.5	4.1%
Cash contribution to FF&E reserve	(23.0)	(24.9)	- 7.6%
Change in fair value of investment properties	(1,099.0)	(155.6)	n.m.
Realised exchange loss on Renminbi holdings	(7.5)	-	n.a.
Distributable income to Share Stapled Unitholders	477.5	558.8	-14.5%
Distribution per unit (HK\$) - after distribution waiver	0.233	0.276	-15.6%
Distribution per unit (HK\$) - before distribution waiver	0.246	0.298	-17.4%



2015 Final Results

Hotels operating performance

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	2015	2014	2015	2014	2015	2014	2015	2014
The Langham, Hong Kong	457	465	84.7%	88.9%	2,198	2,295	1,862	2,040
Cordis, Hong Kong	620	650	89.7%	91.2%	1,734	1,871	1,555	1,706
Eaton, Hong Kong	465	465	89.5%	96.1%	1,093	1,213	978	1,166
Y-o-y growth in 2015	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	- 4.2		- 4.2%		-8.8%		2.1%	
Codis, Hong Kong	- 1.5		- 7.3%		-8.9%		-1.5%	
Eaton Smart, Hong Kong	- 6.6		- 9.9%		-16.1%		-1.7%	
Respective markets								
High Tariff A Hotels	- 3.0		-7.5%		-10.8%			
High Tariff B Hotels	-3.0		-11.5%		-14.4%			

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\$18,381 mn as at the end of 2015 (2014: HK\$17,000mn). NAV attributable to share stapled unitholders was HK\$5.72 per unit (2014: HK\$5.28)
- Current unit price of LHI is implying a significant discount to NAV

Healthy financial position

- As at 31 December 2015, the Trust Group's gearing was comfortable at 36.2%
- With an adequate interest coverage ratio of over 4 times

Secured favourable terms upon refinancing

- A term loan of HK\$6,800 m was drawn on listing date, which will become mature in May 2016. The Trust Group has taken advantage of the high liquidity of the financial markets in 4Q 2015 and secured favourable refinancing for the loan.

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- The all-in interest rate for the new term loan facility is at HIBOR plus 1.23% , which was down from the existing loan (+1.7%).
- Furthermore, the new loan will mature in 4 years after drawdown, compared with 3 years for the existing loan.

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



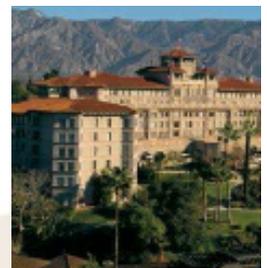
The Langham, Sydney



The Langham, Auckland



Washington D.C. hotel



The Langham, Pasadena



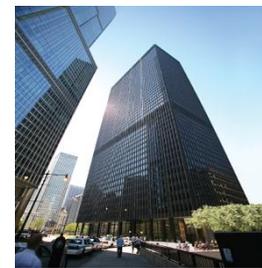
The Langham, Xintiandi



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

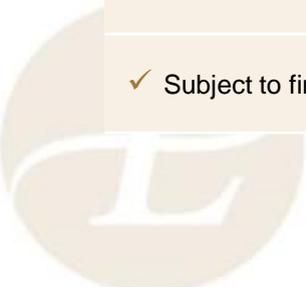
- ✓ Last phase of the room renovation for 128 rooms has been completed in September 2015.
- ✓ Renovation of Gym has been completed in December 2015.
- ✓ Renovation of the Tang Court has been planned for in 2016.

Cordis 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 has been completed in November 2015.
- ✓ Successfully rebranded to Cordis in August 2015.

Eaton, Hong Kong

- ✓ All the rooms at the Eaton have been refurbished by 2013 .
- ✓ Renovations of the Hotel entrance, lobby, ballroom and meeting place are being planned.
- ✓ Subject to finalisation, scheduled to start work in 2017.



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

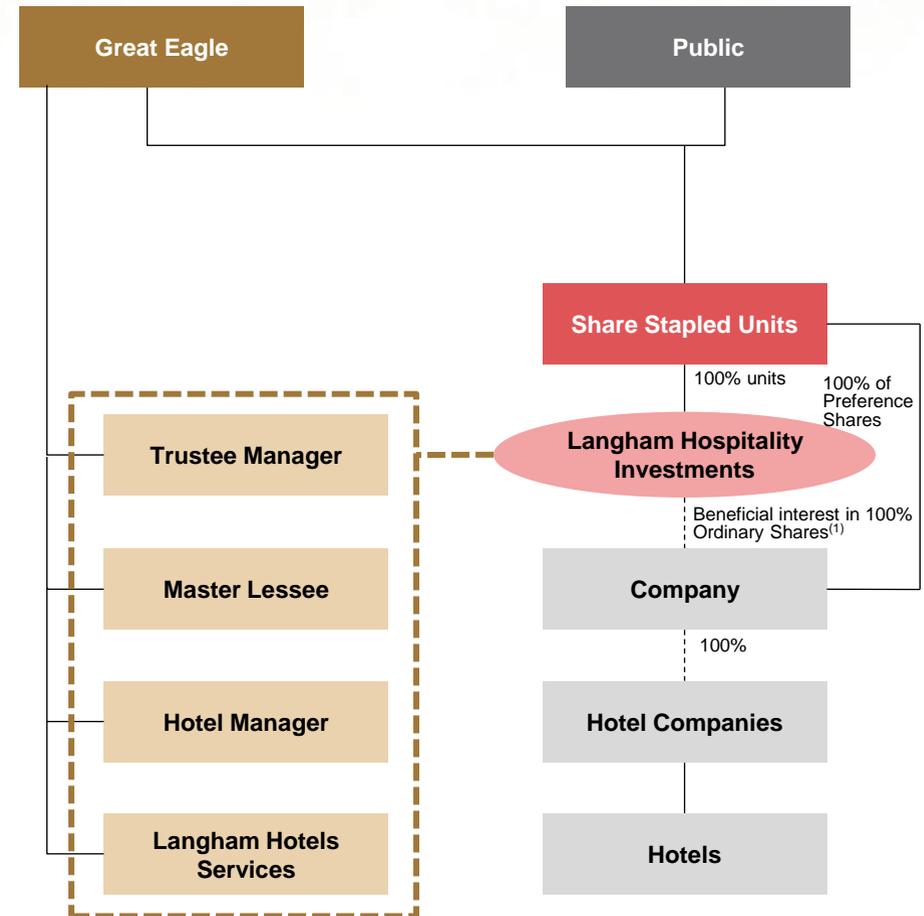


Appendix

Overview of Langham Hospitality Investments

Issuer	Langham Hospitality Investments and Langham Hospitality Investments Limited
Sponsor	Great Eagle
Investment Mandate	Fixed single investment trust in Hong Kong with an initial focus on completed hotels in Asia
Portfolio	The Langham, Langham Place Hotel, Eaton
Trustee Manager	LHIL Manager Limited
Master Lessee	GE (LHIL) Lessee Limited
Hotel Manager	Langham Hotels International Limited
Trademark License Agreement	Between each Hotel Company, the Hotel Manager, the Trustee-Manager and LHIL
Centralised Service and Marketing Agreement	Between LHIL, each Hotel Company, Langham Hotels Services, the Master Lessee and the Trustee-Manager

Simplified Structure of the Trust Group



1. As Langham Hospitality Investments is not a separate legal entity, all of the Trust Property, being the assets of Langham Hospitality Investments, will be held by the Trustee-Manager for the benefit of the Registered Holders of Units

Master Lease Agreement

Key Terms of the Master Lease Agreement

Duration	<ul style="list-style-type: none"> • 14 years from the listing date
Rental terms	<ul style="list-style-type: none"> • From Listing date to 31 December 2019: <ul style="list-style-type: none"> – Fixed base rent: HK\$225 million p.a. – Variable rent: 70% of GOP before GMF • From 1 January 2020 to the end of 14 years: <ul style="list-style-type: none"> – Fixed base rent: HK\$225 million p.a. – Variable rent: To be determined by independent valuer, to be appointed by the Company, to be reviewed for the period 1 January 2020 – 31 December 2023 and subsequently 1 January 2024 – the end of the 14-year lease⁽¹⁾
Guarantee	<ul style="list-style-type: none"> • Great Eagle will guarantee to each of the Hotel Companies all amounts owed by the Master Lessee

Key Benefits

- ✓ The base rent will provide a stable source of revenue with downside protection and income stability
- ✓ The variable rent will provide with exposure to the performance of the Hotels, sharing a portion of any potential upside in the profitability, RevPAR growth and GOP growth
- ✓ The amount of the fixed base rent and the formula were determined with reference to the commercial range in similar arrangements adopted by other listed hospitality trusts
- ✓ 14 years duration of the Master Lease provides assurance for a long term stable source of revenue

Note:

1. Subject to independent shareholders' approval and terminates if the independent property valuer sets new variable rent at less than 70% of GOP before GMF

Hotel Management Agreement, Trademark License Agreement and Centralised Services and Marketing Agreement

Hotel Management Agreement

Duration	<ul style="list-style-type: none"> 30 years from listing date, with an option to extend for 10 years at the election of the Hotel Manager Thereafter, renewed for successive 10 years by mutual agreement
Fee structure	<ul style="list-style-type: none"> Base fee: 1.5% of total revenue Incentive fee: 5% of the Adjusted Gross Operating Profit (being Gross Operating Profit less the base fee and License Fees) Fees payable is in line with the rate of service fees charged by Great Eagle to other third party hotel owners
Payment method	<ul style="list-style-type: none"> From listing date to 31 December 2017: <ul style="list-style-type: none"> Issue of share stapled units⁽¹⁾ 1 January 2018 onwards: <ul style="list-style-type: none"> Cash or issue of share stapled units or a combination of both
Key benefits	<ul style="list-style-type: none"> Long term management contract minimise risks of disruption of hotel operation due to change in manager and give Group longer term visibility on and stability it its cost of operations Payment in units align interests of the Hotel Manager and Licensor and preserve cash that would enhance the distributions to unit holders

Note:

- Subject to an annual cap of 1.5% of the total number of share stapled units

Trademark License Agreement

Duration	<ul style="list-style-type: none"> Same as the Hotel Management Agreement
Fee structure	<ul style="list-style-type: none"> License fee: 1.0% of total revenue Fees payable is in line with the license fees charged by Great Eagle to other third party hotel owners
Payment method	<ul style="list-style-type: none"> Same as the Hotel Management Agreement

Centralised Services and Marketing Agreement

Duration	<ul style="list-style-type: none"> Same as the Hotel Management Agreement
Fee structure	<ul style="list-style-type: none"> Global marketing fee: 2.0% of room revenue Reimbursement of costs incurred on behalf of the Hotel: at cost Reservation fees: a fixed US\$ amount and percentage of revenue for each materialised reservation, depending on means through which reservation is made Fees payable is in line with the license fees charged by Great Eagle to other third party hotel owners
Payment method	<ul style="list-style-type: none"> In cash

Key Distribution Policies

Payout ratio	<ul style="list-style-type: none"> • 100% of Trust Distributable Income (i.e. distributions received from LHI less trust level expenses) • LHIL to distribute: <ul style="list-style-type: none"> – 100% of the Group Distributable Income in respect of the period from the listing date to 31 December 2013 and each financial year ending 31 December 2014 and 2015 – Not less than 90% of the Group Distributable Income in respect of each financial year thereafter
Frequency	<ul style="list-style-type: none"> • Semi-annual basis⁽¹⁾: <ul style="list-style-type: none"> – Interim distribution paid within four months after 30 June of each year – Annual distribution paid within six months after 31 December each year
Distributable income	<ul style="list-style-type: none"> • Group Distributable Income refers to net profit after tax adjusted for certain items including but not limited to: <ol style="list-style-type: none"> a) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions b) impairment loss of goodwill/recognition of negative goodwill c) material non-cash gains/losses d) costs of any public offering of Share Stapled Units that are expensed through income statement but are funded by proceeds from the issuance of such Share Stapled Units e) depreciation and amortisation f) any difference in the accounting Base Rent and/or Variable Rent and the actual contractual Base Rent and/or Variable Rent paid in cash g) deferred tax charges and/or adjustments h) any difference between cash and accounting finance costs i) the portion of the fee(s) which is paid or payable for services provided in the form of Share Stapled Units <p>Also at the discretion of the Directors, amount set aside for the purposes of FF&E reserve and capital expenditure, future debt repayments and/or for the purpose of complying with covenants in any credit facility agreement</p>
Asset disposal	<ul style="list-style-type: none"> • The Directors may, at their discretion, retain all or part of the proceeds from selling fixed assets or properties (including any amount retained for debt repayments and covenant compliance) for up to three years following such sale, to acquire other fixed assets or properties, FF&E Reserve and/or capital expenditure. LHI is required to distribute such retained proceeds if it is not utilised within the three years (other than amounts retained for debt repayments and covenant compliance)