



Langham Hospitality Investments And Langham Hospitality Investments Limited

3Q 2017

A quality hotel portfolio located in Hong Kong's CBDs

Developments underway to strengthen Hong Kong as a leading tourism destination

- 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

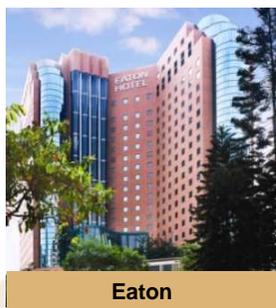
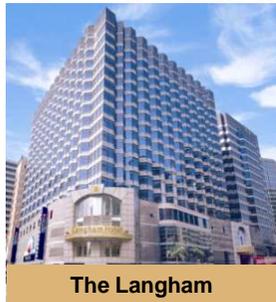
- Prime locations on the Kowloon peninsula
- Major infrastructure and commercial centres under development
- Restricted new supply in core business districts

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



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

Location	: Mong Kok, Kowloon
Year of commencement	: 2004
HKTB rating	: High Tariff A Hotel
GFA ('000 sq.ft.)	: 580
Number of rooms	: 668
Facilities	: 4 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



Forbes 5-Star Award



Three-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



Two-star Michelin award for Ming Court



Condé Nast Gold List



Spa Traveller Awards



One-star Michelin award for Yat Tung Heen



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



Capital Entrepreneur Green Enterprise
Awards by Capital Entrepreneur



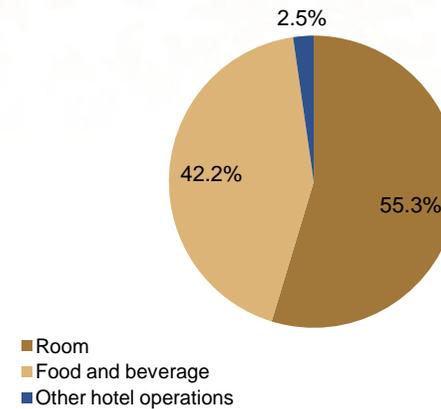
Three high quality Langham branded hotels with a combined 1,631 rooms strategically located on the Kowloon peninsula, Hong Kong

... 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 and Quality Conference spaces



Michelin star-rated restaurants



Ming Court (Two-star Michelin),
Cordis Hotel



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



Yat Tung Heen (One-star Michelin),
Eaton Hotel

Conference spaces



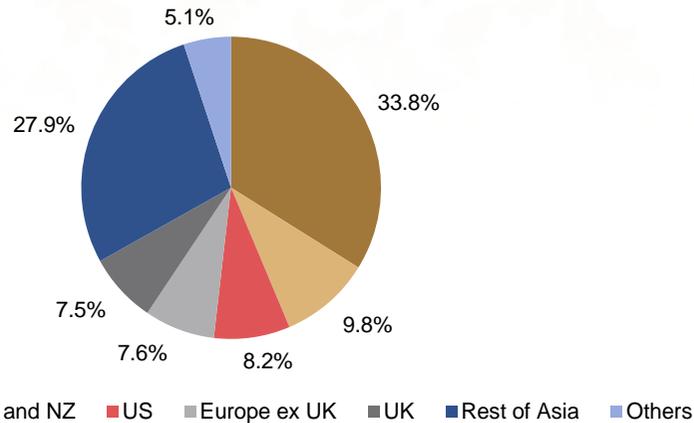
The majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

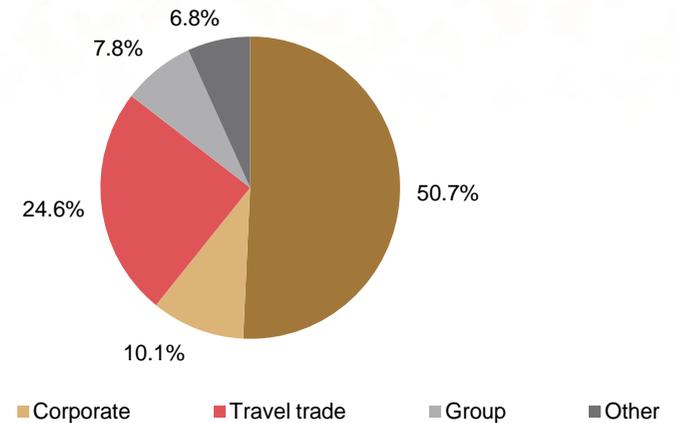
1. For six months ended 30 June 2017

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

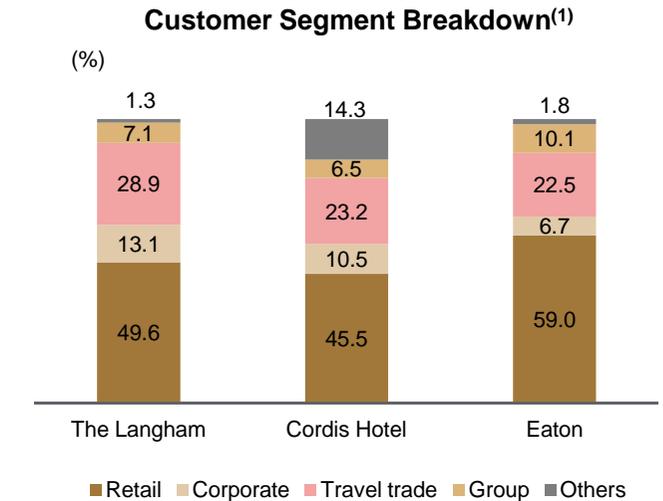
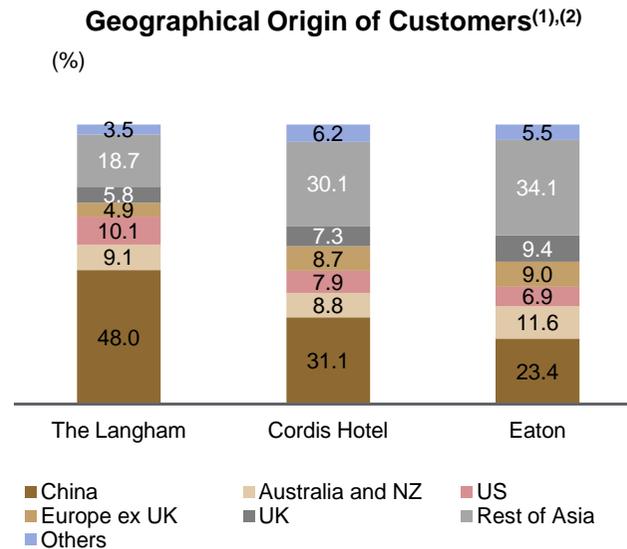
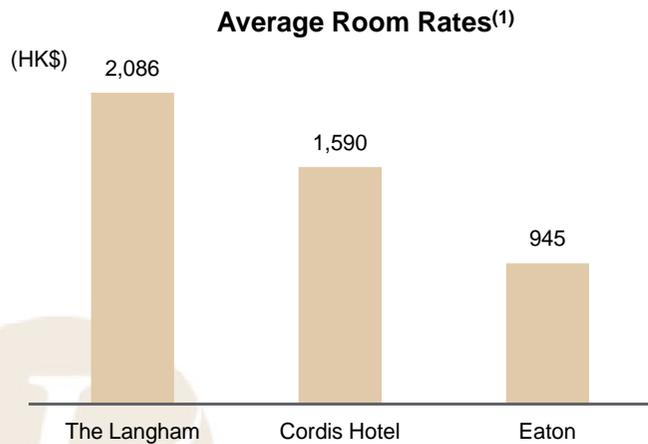
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



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



Note:

- For six months ended 30 June 2017
- 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

- Meaning “Heart” in Latin
- Lifestyle setting
- Committed to nurturing cultural and community in the neighbourhood



Selected Awards of Hotels Managed by the Hotel Manager

EATON
HONG KONG

- 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

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



The Langham, Haikou
Location: China
Total rooms: 249



Cordis Hotel
Location: Hong Kong
Total rooms: 668



Cordis Hongqiao, Shanghai
Location: China
Total rooms: 396



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



Langham Place Haining
Location: China
Total rooms: 263



The Langham, Shenzhen
Location: China
Total rooms: 352



Langham Place, Ningbo Culture Plaza
Location: China
Total rooms: 143



Langham Place, Xiamen
Location: China
Total rooms: 327



Langham Place, Guangzhou
Location: China
Total rooms: 500

Future pipeline⁽¹⁾

Cordis Hangzhou	Langham Place Bali	Eaton, San Francisco	Langham Place, San Francisco
Langham Place, Datong	Langham Place Dubai	Langham Place Wade Park	Langham Place, Tokyo
Cordis Shanghai East Bund	Langham Place Lusail Doha	Langham Place Dalian	Cordis Ningbo
The Langham Bangkok	The Langham Jakarta	The Langham Jeddah	Eaton Seattle
The Langham Chongqing	The Langham Hefei	Langham Place Changsha	

Hotels in Europe / America



Eaton Washington D.C.
Location: United States
(under renovation)



The Langham, London
Location: United Kingdom
Total rooms: 380



Chelsea
Location: Canada
Total rooms: 1,590



The Langham, Boston
Location: United States
Total rooms: 317



The Langham, Pasadena
Location: United States
Total rooms: 379



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



Langham Place Fifth Avenue, New York
Location: United States
Total rooms: 234

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: 100



- Currently manages a portfolio of 22 hotels comprising almost 9,000 rooms
- Pipeline of hotels to be opened in coming years⁽¹⁾

Note:
1. Source: Great Eagle Holdings Company filings



2017 Interim Results

Highlights of 2017's interim results

**RevPAR rose 3.9%
in 1H 2017**

- RevPAR for the Trust Group's hotel portfolio rose by 3.9%.
- F&B revenue impacted by renovation plan at Eaton, Hong Kong.
- Total Hotel revenue rose by 2.2% and GOP increased by 6.2%.

**Distributable income
impacted by non-
operating items**

- Total rental income rose by 3.3% to HK\$332.8 million.
- Profit *excluding* exceptional items* rose by 0.8%.
- Distributable income dropped by 8.1% to HK\$209.6 million on increased cash tax and interest payments in the first half of 2017.

**Distribution per unit
further impacted by
less units waving
distribution**

- Before the impact of distribution waived, distribution per unit dropped by 9.0% to HK10.1 cents in the first half of 2017.
- And dropped by 12% to HK10.3 cents after the impact of distribution waived on less units waiving distribution.

**Outlook on
distributable
income**

- Renovation for Eaton, Hong Kong from July 2017 will lower F&B revenue for the hotel in the second half of 2017.
- Distributable income will continue to be impacted by higher cash tax and finance payment in the second half of 2017.

* Items including fair value change of investment properties and derivative financial instruments

Hotels performance

The Langham, Hong Kong

- Recorded a 2.2% increase in RevPAR in the first half of 2017.
- Benefitted from increased travellers from Mainland China.

Cordis, Hong Kong

- RevPAR for the hotel staged a strong rally with a 6.0% growth in in the first half of 2017.
- In part due to a low base effect, as performance in the first quarter of 2016 was negatively impacted by protests near the hotel.

Eaton Hotel, Hong Kong

- Delivered a 3.0% increase in RevPAR in the first half of 2017.
- Witnessed a 13.0% decline in F&B business, as it accepted fewer banqueting reservations as renovations was originally planned in the first quarter of 2017.

LANGHAM
HOSPITALITY INVESTMENTS

- Revenue from F&B dropped 0.5% in the first half of 2017.
- As the growth in F&B revenue witnessed at The Langham and Cordis was fully offset by a decline in F&B revenue at the Eaton.

2017 Interim results

Hotels operating performance for 1H 2017

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016
The Langham, Hong Kong	498	498	85.6%	84.2%	2,086	2,078	1,787	1,749
Cordis, Hong Kong	661	650	91.6%	85.4%	1,590	1,610	1,456	1,374
Eaton, Hong Kong	465	465	96.9%	92.2%	945	963	915	888
Y-o-y growth in 1H 2017	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	+1.4		+0.4%		+2.2%		2.0%	
Cordis, Hong Kong	+6.2		-1.2%		+6.0%		4.2%	
Eaton, Hong Kong	+4.7		-1.9%		+3.0%		-13.0%	
Respective markets								
High Tariff A Hotels	+3.0		-5.7%		-2.2%			
High Tariff B Hotels	+2.0		+0.5%		2.9%			
All Hotels	+3.0		-2.4%		1.0%			

Note:

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

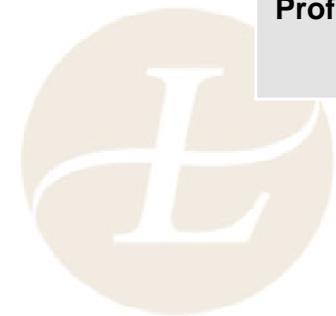
2017 Interim Results

	1H 2017	1H 2016	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	111.6	111.9	-0.3%
Variable Rental Income	220.3	207.4	+6.2%
Rental Income from retail shops	0.9	3.0	-70.0%
Gross Rental Income	332.8	322.3	+3.3%
Property operating expenses	(12.9)	(12.3)	+4.9%
Services Fees (Including hotel management fee)	(41.3)	(39.6)	+4.3%
Net Property Income	278.6	270.4	+3.0%



2017 Interim Results

	1H 2017	1H 2016	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	278.6	270.4	+3.0%
Increase in fair value of investment properties	295.8	100.6	+194.0%
Decrease in fair value of derivative financial instruments	(50.7)	-	n.a.
Trust and other expenses	(5.5)	(7.4)	-25.7%
Net finance cost			
Finance cost	(73.2)	(63.8)	+14.7%
Interest income	1.5	0.9	+66.7%
Other income	0.4	-	n.a.
Profit before tax	446.9	300.7	+48.6%
Income tax	(37.2)	(36.8)	+1.1%
Profit attributable to holders of Share Stapled Units	409.7	263.9	+55.2%
Profit excluding Fair Value change of Investment Properties and derivative financial instruments	164.6	163.3	+0.8%



2017 Interim Results

Adjustment to Distributable Income:	1H 2017	1H 2016	
	(HK\$ mn)	(HK\$ mn)	Change
Profit attributable to holders of share stapled units for the period	409.7	263.9	+55.2%
Hotel management fee and licence fee paid in share stapled units	33.0	31.7	+4.1%
Amortisation of debt upfront fee	9.0	15.6	-42.3%
Deferred tax	14.1	28.4	-50.4%
Cash contribution to FF&E reserve	(11.1)	(10.9)	+1.8%
Change in fair value of investment properties	(295.8)	(100.6)	+94.0%
Decrease in fair value of derivative financial ins.	50.7	-	n.a.
Distributable income to Share Stapled Unitholders	209.6	228.1	-8.1%
Distribution per unit (HK\$) - after distribution waiver	0.103	0.117	-12.0%
Distribution per unit (HK\$) - before distribution waiver	0.101	0.111	-9.0%



1H 2017 Finance cost

	1H 2017	1H 2016	
	(HK\$ mn)	(HK\$ mn)	Change
Interest expense on floating HK\$6.8 billion bank loan	(49.9)	(48.2)	+3.5%
Amortisation of loan upfront fee	(9.0)	(15.6)	-42.3%
Interest paid on fixed interest rate swap	(14.3)	-	n.a.
Total Finance cost	(73.2)	(63.8)	+14.7%
Cash Finance cost	(64.2)	(48.2)	+33.2%
Cash Interest rate	1.89%	1.42%	

Loan with Floating vs. Fixed interest rate as at the end of June 2017	
HK\$3,300 million	Floating rate base on HIBOR+ all-in interest spread of 1.23% p.a.
HK\$3,500 million	Fixed rate at 2.75% (using interest rate swaps at 1.52% p.a.)
Total HK\$6,800 million	



Balance sheet

Healthy financial position

- The hotel properties were revalued at HK\$18,763 million. Net Asset Value attributable to share stapled unit holders was HK\$5.70 per unit.
- As at 30 June 2017, the Trust Group's gearing was comfortable at 35.7%, compared with 36.1% as at the end of 2016.
- With an adequate interest coverage ratio of around 4 times.

Refinanced a loan with better terms

- A loan of HK\$6,800 million was successfully refinanced in May 2016 with a lower all-in cost of 1.23% (previous loan was 1.7%).
- Furthermore, the extended maturity to four years effectively eliminates refinancing risks for the Trust Group in next four years.
- In addition, a revolving credit facility of up to HK\$400 million has been obtained.

Timely treasury management

- ✓ The Trust Group has effectively fixed the interest rate of HK\$3,500 million of our bank loans.
- ✓ Via entering into interest rate swap contracts from early November 2016 to April 2017 at an average interest rate of 1.52%.
- ✓ Continue to monitor interest rates and possibility of entering into more interest rate swaps.

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



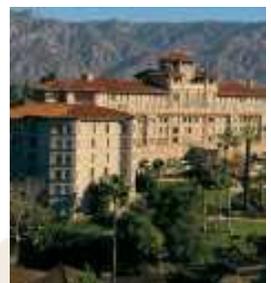
The Langham, Sydney



The Langham, Auckland



Washington D.C. hotel



The Langham, Pasadena



The Langham, Xintiandi



Chelsea Hotel, Toronto



Langham Place, New York



The Langham, Chicago



Cordis Hongqiao

Pipeline hotels:

- ✓ Langham Place, Dalian⁽³⁾
- ✓ Langham Place, Tokyo⁽³⁾
- ✓ Two Hotels in San Francisco⁽³⁾
- ✓ Eaton Seattle⁽³⁾

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. To be opened over 2018-2021.

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

The Langham, Hong Kong

- ✓ All the rooms at The Langham, Hong Kong have been refurbished as at the end of 2015.
- ✓ Renovations of T'ang Court and The Bostonian restaurant have been completed in 2016.
- ✓ Renovation of the Spa, health club and swimming pool commenced in 2Q 2017.

Cordis, Hong Kong

- ✓ Rebranded to Cordis in August 2015.
- ✓ Renovation of all the standard rooms, spa and health club have been completed in 2016.
- ✓ Renovation of the suites and subdividing a suite into multiple standard rooms commenced in 1Q 2017.

Eaton, Hong Kong

- ✓ The Eaton brand is being revamped to target millennial travellers.
- ✓ Renovations of the Hotel entrance, lobby, Chinese restaurant, ballroom and meeting place commenced from mid-2017.
- ✓ Renovation will include a social hub, co-working space and food hall targeting millennial travellers.

Thank You

