



Langham Hospitality Investments And Langham Hospitality Investments Limited

3Q 2019

A quality hotel portfolio located in Hong Kong's CBDs

Large scale infrastructure projects will support Hong Kong as a leading tourism destination

- International trade / finance hub and popular shopping / tourist destination
- Completion of major infrastructure projects to support visitor arrivals to Hong Kong

Actively Managed Brands

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

Strategic Locations

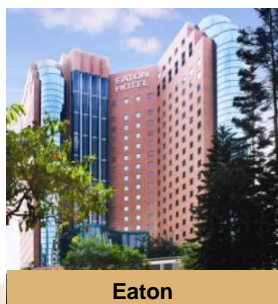
- Prime locations on the Kowloon peninsula
- Close proximity to major infrastructure and commercial centres
- Restricted new supply in core business districts

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



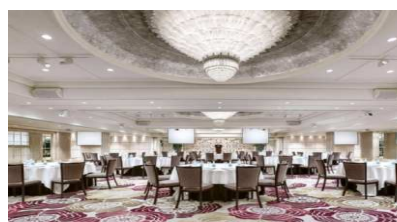
Prime Shopping Destinations



- Close proximity of key tourist and shopping belts, existing and expanding commercial districts and infrastructure projects
- 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, Hong Kong

Location	: Mong Kok, Kowloon
Year of commencement	: 2004
HKTB rating	: High Tariff A Hotel
GFA ('000 sq.ft.)	: 580
Number of rooms	: 669
Facilities	: 4 restaurants, 1 ballroom, 3 meeting rooms, Chuan Spa, fitness centre



Eaton, Hong Kong

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	: Co-work space, theatre, food hall, restaurants, wellness centre

Selected Awards



Forbes 5-Star Award



Michelin award for T'ang Court



Condé Nast Gold List



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



Michelin award for Ming Court



Condé Nast Gold List



Spa Traveller Awards



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



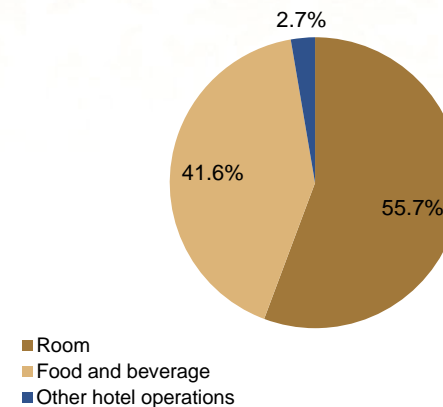
Three high quality Langham branded hotels with a combined 1,632 rooms strategically located on the Kowloon peninsula, Hong Kong

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



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



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

Conference spaces



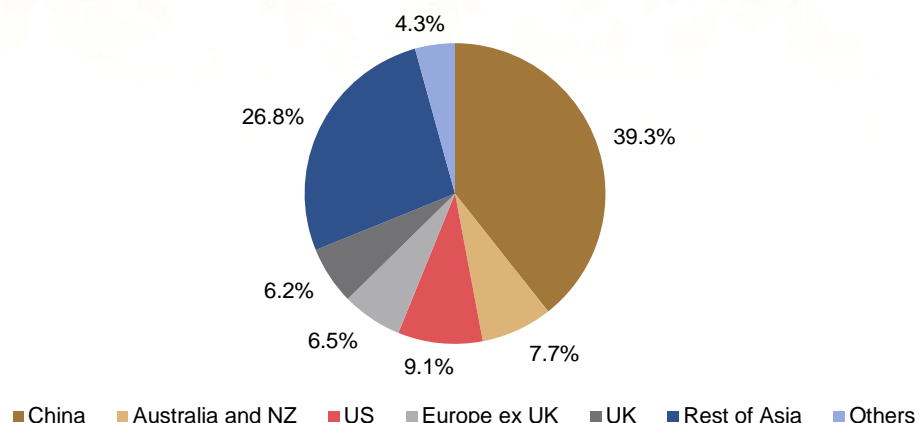
The majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

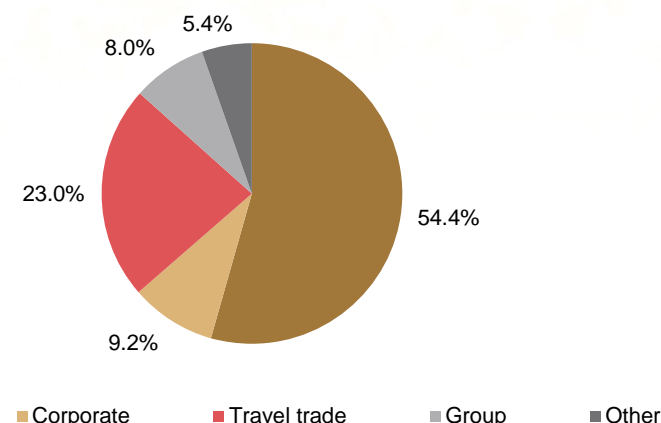
1. For six months ended 30 June 2019

In 1H 2019, our Customers are Diversified in Terms of both Geography and Customer Segment...

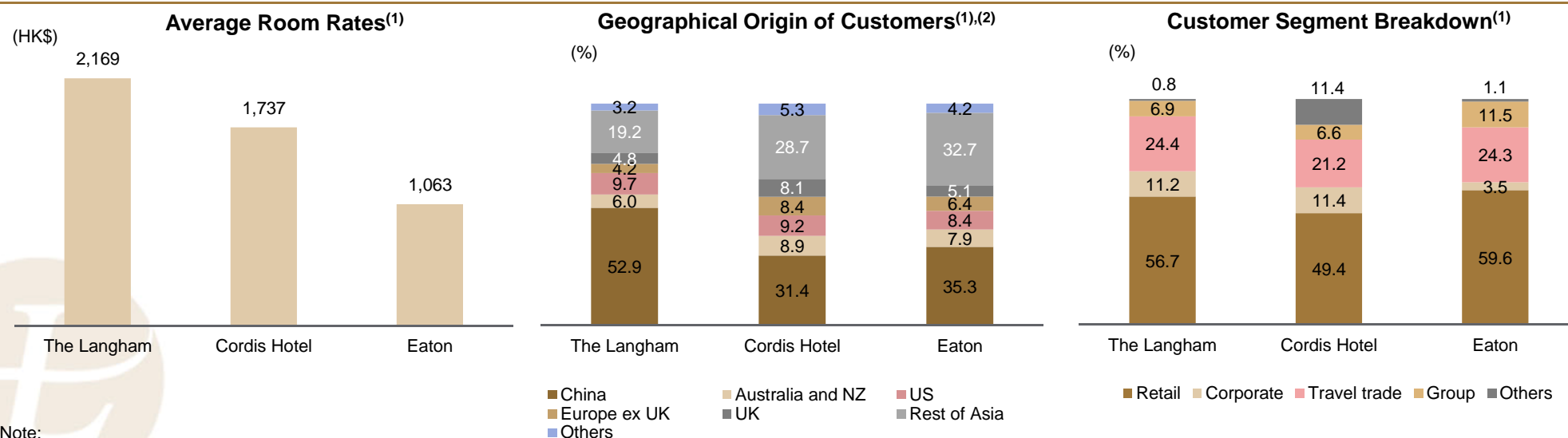
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



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



Note:

1. For six months ended 30 June 2019

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 HONG KONG

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



CORDIS HONG KONG AT LANGHAM PLACE

- Lifestyle setting
- Social hub
- Committed to nurturing cultural and community in the neighbourhood



- A purpose-driven company at the intersection of culture, media, hospitality, wellness, and progressive social change



Description of the Hotel Manager

- Langham Hotels International Limited is a wholly-owned subsidiary of Great Eagle
- A global hotel company with more than 30 properties located in major cities over four continents
- A modern and innovative hospitality approach to provide the highest level of hotel management
- 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


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, Hong Kong 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, Hefei Location: China Total rooms: 339
 The Langham, Xintiandi, Shanghai Location: China Total rooms: 357	
 Cordis, 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	

Hotels in Europe / America

 Eaton Washington D.C. Location: United States Total rooms: 209	 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
	 The Langham, Fifth Avenue, New York Location: United States Total rooms: 234



 - Existing hotels
  - Pipeline hotels

Hotels in Australia / NZ

 Cordis, Auckland Location: New Zealand Total rooms: 411
 The Langham, Melbourne Location: Australia Total rooms: 388
 The Langham, Sydney Location: Australia Total rooms: 100

Future pipeline⁽¹⁾

Cordis, Hangzhou	Cordis, Shanghai	Eaton, San Francisco	The Langham, San Francisco
The Langham, Adelaide	The Langham, Chengdu	The Langham, Dalian	The Langham, Tokyo
Cordis, Shanghai East Bund	The Langham, Jakarta	The Langham, Nanjing	Cordis, Ningbo
The Langham, Bangkok	Eaton, Seattle	The Langham, Changsha	Cordis, Chongqing

- Currently manages a portfolio of 23 hotels comprising more than 9,000 rooms
- Pipeline of hotels to be opened in coming years⁽¹⁾

Note:

1. Source: Great Eagle Holdings Company filings



2019 Interim Results

Highlights of 2019 Interim Results

Despite a decline in RevPAR, total revenue rose in 1H 2019

- RevPAR for the Trust Group's hotels dropped by 5.0%.
- With more available rooms, room revenue of the portfolio rose by 0.5%, whereas total F&B rose by 14.7%.
- Total Hotel revenue rose by 6.5% and GOP rose by 5.7%.

Profit excluding exceptional items dropped by 4.8%

- Total rental income under IFRS 15 rose by 3.8%.
- Finance cost rose by 16.0% on higher interest rates .
- Profit *excluding* exceptional items* dropped by 4.8%.

Distribution per share stapled unit dropped by 3.3%

- Distribution per share stapled unit was HK8.7 cents for the first half of 2019, down 3.3% when compared with a distribution per share stapled unit of HK9.0 cents in the first half of 2018.

Outlook

- As the protests became significantly more violent since July, we expect the pace of hotel room bookings to deteriorate materially in the month of August and in the months ahead. As of today, room bookings on hand are pointing to at least a 20%-plus decline in room revenue for the month of August 2019.

* Items including fair value of investment properties and derivative financial instrument

2019 Interim Results

Hotels operating performance for 1H 2019

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018	1H 2019	1H 2018
The Langham, Hong Kong	498	498	90.0%	90.6%	2,169	2,270	1,952	2,057
Cordis, Hong Kong	667	666	94.4%	95.2%	1,737	1,749	1,640	1,666
Eaton HK	465	376	86.6%	90.3%	1,063	1,025	920	925
Y-o-y growth in 1H 2019	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	-0.6		-4.4%		-5.1%		+1.8%	
Cordis, Hong Kong	-0.8		-0.7%		-1.6%		+4.7%	
Eaton HK	-3.7		+3.7%		-0.5%		+115.5%	
Respective markets								
High Tariff A Hotels	-1.0		-0.9%		-2.0%			
High Tariff B Hotels	-1.0		+1.4%		+0.3%			
All Hotels	-1.0		-0.2%		+1.3%			

Note:

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

2019 Interim Results

	1H 2019	1H 2018	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	111.6	111.6	-
Variable Rental Income	227.3	215.0	+5.7%
Rental Income from retail shops	0.7	0.0	n.a.
Total Rental Income	339.6	326.6	+4.0%
Services Fees (Including hotel management fee)	(44.1)	(42.0)	+5.0%
Total Rental Income for the Trust Group under IFRS 15*	295.5	284.6	+3.8%
Property operating expenses	(18.2)	(13.6)	+34.8%
Net Property Income	277.3	271.1	+2.3%

* From 2018, the Trust Group has applied International Financial Reporting Standard 15 ("IFRS 15"), which requires service fees to be netted off from Total Rental Income. While the application of IFRS 15 has resulted in a change in the presentation of Total Rental Income, it does not impact the Group's Net Property Income.



2019 Interim Results

	1H 2019	1H 2018	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	277.3	271.1	+2.3%
Interest and other income	0.2	0.1	+100.0%
(Decrease)/Increase in fair value of investment properties	(75.0)	498.8	-115.0%
(Decrease)/Increase in fair value of derivative financial instruments	(24.8)	36.5	-167.9%
Trust and other expenses	(5.6)	(6.0)	-6.7%
Finance cost	(100.3)	(86.5)	+16.0%
Profit before tax	71.8	714.0	-89.9%
Income tax	(34.3)	(34.5)	-0.6%
Profit attributable to holders of Share Stapled Units	37.5	679.5	-94.5%
Profit excluding Fair Value change of Investment Properties and derivative financial instruments	137.3	144.2	-4.8%



2019 Interim Results

Adjustment to Distributable Income:	1H 2019	1H 2018	
	(HK\$ mn)	(HK\$ mn)	Change
Profit attributable to holders of share stapled units for the period	37.5	679.5	-94.5%
Hotel management fee and licence fee paid in share stapled units	35.1	33.0	+6.4%
Amortisation of debt upfront fee	9.0	9.0	-
Deferred tax	15.4	14.2	+8.5%
Cash contribution to FF&E reserve	(12.2)	(11.4)	+7.0%
Change in fair value of investment properties	75.0	(498.8)	+115.0%
Change in fair value of derivative financial ins.	24.8	(36.5)	+167.9%
Distributable income to Share Stapled Unitholders	184.6	189.0	-2.3%
Distribution per unit (HK cents)	8.7	9.0	-3.3%



1H 2019 Finance cost

	1H 2019	1H 2018	
	(HK\$ mn)	(HK\$ mn)	Change
Interest expense on floating bank loan	(90.8)	(67.7)	+34.1%
Amortisation of loan upfront fee	(9.0)	(9.0)	-
Interest paid on fixed interest rate swap	(0.5)	(9.8)	-94.9%
Total Finance cost	(100.3)	(86.5)	+16.0%
Cash Finance cost	(91.3)	(77.5)	+17.8%
Cash Interest rate	2.61%	2.25%	

Loan with Floating vs. Fixed interest rate as at the end of June 2019			
HK\$2,985 million	Floating rate base on HIBOR+ all-in interest spread of 1.23% p.a.		
HK\$4,000 million	Fixed rate at 2.88% (using interest rate swaps at 1.65% p.a.)		
Total HK\$6,985 million loan outstanding			



Balance sheet

Healthy financial position

- The hotel properties were revalued at HK\$20,180 million. Net Asset Value attributable to share stapled unit holders was HK\$6.04 per unit.
- As at 30 June 2019, the Trust Group's gearing was comfortable at 34.4%, compared with 34.2% as at the end of 2018.
- Interest coverage of 2.8 times.

Refinanced a loan with better terms

- The loan drawn in 2013 was successfully refinanced in May 2016 at a lower all-in cost of 1.23% (previous loan was at 1.7%).
- Maturity has been extended to four years from three years for the previous loan.
- In addition, a revolving credit facility has been obtained and part been partially drawn to settle outstanding renovation costs for Eaton HK.

Timely treasury management

- ✓ The Trust Group has effectively fixed the interest rate of HK\$4,000 million of our bank loans.
- ✓ Via entering into interest rate swap contracts at an average interest rate of 1.65%.
- ✓ Implying 57.3% of our HK\$6,985 million loan was effectively fixed through these contracts.

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



Cordis, Auckland



Eaton Washington D.C.



The Langham, Pasadena



The Langham, Xintiandi



Chelsea Hotel, Toronto



The Langham, New York



The Langham, Chicago



Cordis, Hongqiao

Pipeline hotels:

- ✓ The Langham, Tokyo⁽³⁾
- ✓ Two Hotels in San Francisco⁽³⁾
- ✓ Eaton Seattle⁽³⁾
- ✓ A hotel in Dalian⁽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 open from 2020 onwards.