



Langham Hospitality Investments And Langham Hospitality Investments Limited

1Q 2019

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

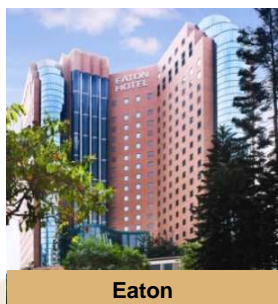
- Prime locations on the Kowloon peninsula
- Major infrastructure and commercial centres under development
- Restricted new supply in core business districts

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



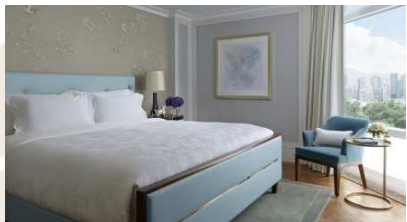
Prime Shopping Destinations



- 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	: 669
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	: Co-work space, theatre, food hall, restaurants, wellness centre

Selected Awards



- Forbes 5-Star Award
- 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
- 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



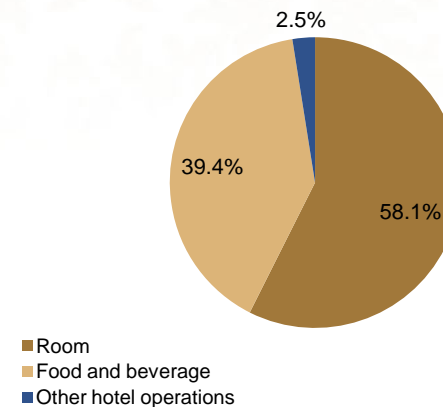
Three high quality Langham branded hotels with a combined 1,632 rooms strategically located on the Kowloon peninsula, Hong Kong

... 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



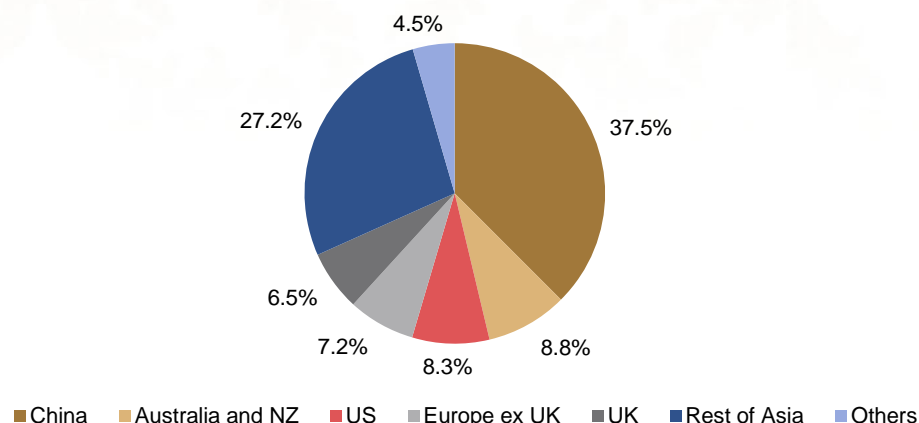
The majority of the Hotels' food and beverage revenue was derived from customers who were not staying at the Hotels

Note:

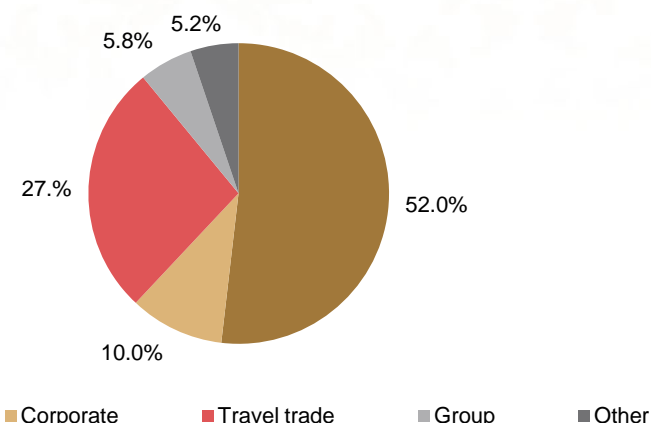
1. For the year ended 31 Dec 2018

In 2018, our Customers are Diversified in Terms of both Geography and Customer Segment...

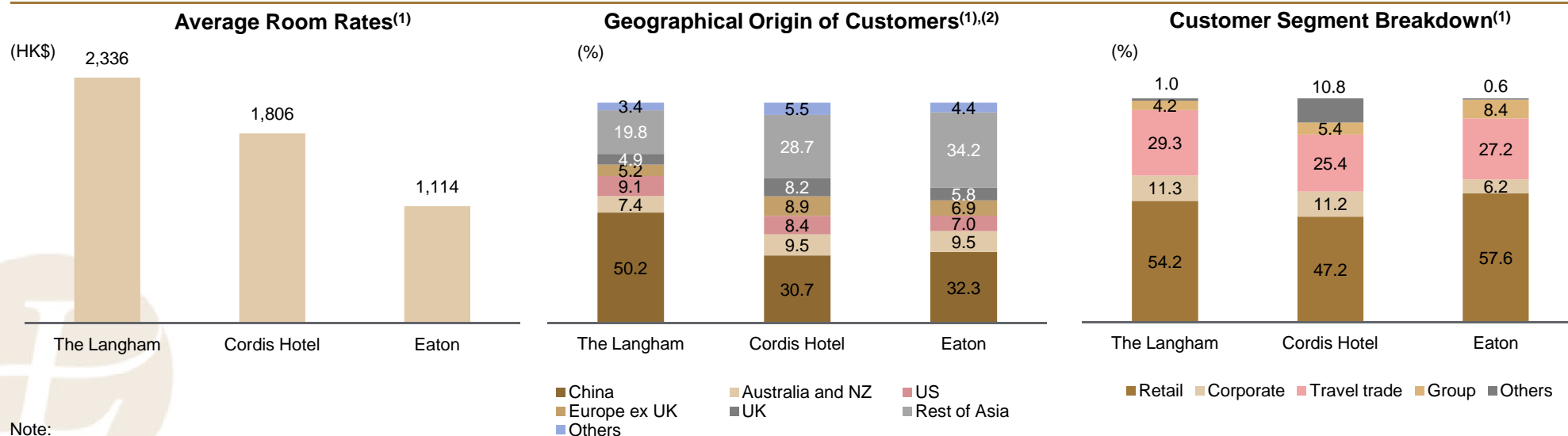
Diversified Geographical Origin of Customers^{(1),(2)}



Diversified Customer Segments⁽¹⁾



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



Note:

- For the year ended 31 Dec 2018
- 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 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, 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
			Langham Place, 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	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	
The Langham Chongqing	Eaton Seattle	Langham Place Changsha	

- 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



2018 Final Results

Highlights of 2018 Final Results

Robust RevPAR growth in 2018

- RevPAR for the Trust Group's hotels rose by 11.5%.
- Room revenue rose by 7.7%, F&B rose by 4.5%.
- Total Hotel revenue rose by 6.3% and GOP rose by 2.8%.

Profit excluding exceptional items dropped by 8.7%

- Total rental income under IFRS 15 rose by 1.3%.
- Finance cost rose by 23.1% in on higher interest rates .
- Profit *excluding* exceptional items* dropped by 8.7%.

Distribution per share stapled unit dropped by 8.9%

From 2018 onward, all of Great Eagle's Share Stapled Units held will be entitled to distribution. Distribution per share stapled unit was HK19.5 cents for 2018, down 8.9% when compared with a distribution after the impact of distribution waiver.

Outlook

- The completion of major transport infrastructures included the high-speed rail link to Hong Kong and the Hong Kong-Zhuhai-Macau Bridge has made it much more convenient for Mainland tourist to travel to Hong Kong, and we expect the easier access will provide new opportunities for Hong Kong's hotel market.

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

2018 Final Results

Hotels operating performance for 2018

	Average Daily Rooms Available		Occupancy		Average Room Rate		RevPAR	
	2018	2017	2018	2017	2018	2017	2018	2017
The Langham, Hong Kong	498	498	91.2%	88.8%	2,336	2,135	2,130	1,895
Cordis, Hong Kong	666	663	95.0%	93.9%	1,806	1,660	1,715	1,559
Eaton HK	405	465	87.0%	94.4%	1,114	986	969	931
Y-o-y growth in 2018	Occupancy		Average Room Rate		RevPAR		Food and Beverages	
	(in % pts)							
The Langham, Hong Kong	+2.4		+9.4%		+12.4%		+2.4%	
Cordis, Hong Kong	+1.1		+8.8%		+10.0%		+4.5%	
Eaton HK	-7.4		+13.0%		+4.1%		+10.6%	
Respective markets								
High Tariff A Hotels	+3.0		+4.1%		+7.7%			
High Tariff B Hotels	+1.0		+10.4%		+11.7%			
All Hotels	+2.0		+6.8%		+9.2%			

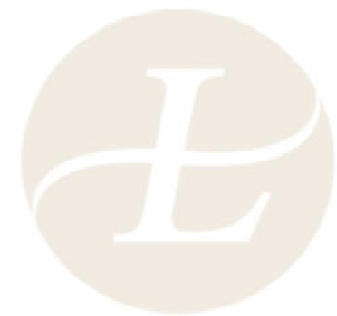
Note:

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

2018 Final Results

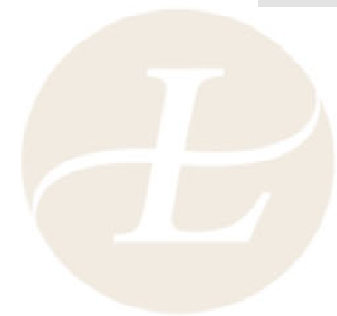
	2018	2017	
	(HK\$ mn)	(HK\$ mn)	Change
Fixed Rental Income	225.0	225.0	-
Variable Rental Income	481.2	468.3	+2.8%
Rental Income from retail shops	0.4	0.9	- 55.6%
Total Rental Income	706.6	694.2	+1.8%
Services Fees (Including hotel management fee)	(91.1)	(86.6)	+5.2%
Total Rental Income for the Trust Group under IFRS 15*	615.5	607.6	+1.3%
Property operating expenses	(28.5)	(26.9)	+5.9%
Net Property Income	587.0	580.7	+ 1.1%

* In 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.



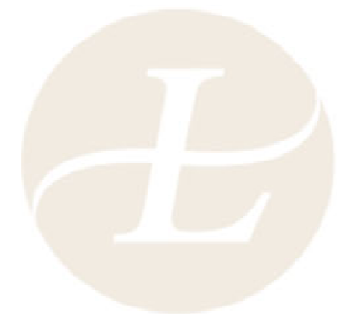
2018 Final Results

	2018	2017	
	(HK\$ mn)	(HK\$ mn)	Change
Net Property Income	587.0	580.7	+1.1%
Interest and other income	0.2	2.3	-91.3%
Increase in fair value of investment properties	594.2	808.4	- 26.5%
Increase/(Decrease)in fair value of derivative financial instruments	(10.2)	(3.6)	183.3%
Trust and other expenses	(12.0)	(11.1)	+8.1%
Finance cost	(188.8)	(153.4)	+23.1%
Profit before tax	970.4	1,223.3	- 20.7%
Income tax	(74.8)	(77.3)	- 3.2%
Profit attributable to holders of Share Stapled Units	895.6	1,146.0	- 21.8%
Profit excluding Fair Value change of Investment Properties and derivative financial instruments	311.6	341.2	- 8.7%



2018 Final Results

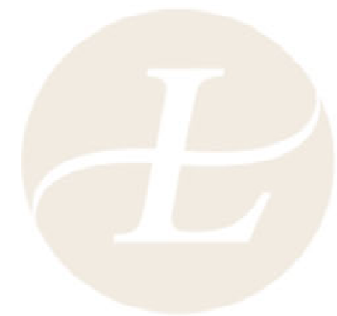
Adjustment to Distributable Income:	2018	2017	
	(HK\$ mn)	(HK\$ mn)	Change
Profit attributable to holders of share stapled units for the period	895.6	1,146.0	- 21.8%
Hotel management fee and licence fee paid in share stapled units	72.1	69.0	+ 4.5%
Amortisation of debt upfront fee	18.0	18.0	-
Deferred tax	33.2	32.0	3.8%
Cash contribution to FF&E reserve	(24.4)	(23.0)	6.1%
Change in fair value of investment properties	(594.2)	(808.4)	- 26.5%
Change in fair value of derivative financial ins.	10.2	3.6	+183.3%
Distributable income to Share Stapled Unitholders	410.5	437.2	- 6.1%
Distribution per unit (HK\$) - after distribution waiver	0.195	0.214	- 8.9%
Distribution per unit (HK\$) - before distribution waiver	0.195	0.210	- 7.1%



2018 Finance cost

	2018	2017	
	(HK\$ mn)	(HK\$ mn)	Change
Interest expense on floating bank loan	(159.4)	(104.7)	+ 52.2%
Amortisation of loan upfront fee	(18.0)	(18.0)	-
Interest paid on fixed interest rate swap	(11.4)	(30.7)	- 63.0%
Total Finance cost	(188.8)	(153.4)	+ 23.1%
Cash Finance cost	(170.8)	(135.4)	+26.2%
Cash Interest rate	2.45%	2.00%	

Loan with Floating vs. Fixed interest rate as at the end of 2018			
HK\$3,000 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\$7,000 million loan outstanding			



Balance sheet

Healthy financial position

- The hotel properties were revalued at HK\$20,177 million. Net Asset Value attributable to share stapled unit holders was HK\$6.14 per unit.
- As at 31 Dec 2018, the Trust Group's gearing was comfortable at 34.2%, compared with 34.7% as at the end of 2017.
- Interest coverage of more than 3 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 57.1% of our HK\$7.0 billion loan was effectively fixed through these contracts.

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



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 be opened from 2020 onwards.

....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 by 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 completed in 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 completed in 2017.

Eaton HK

- ✓ Renovations of the Hotel entrance, lobby, Chinese restaurant, ballroom and meeting place have been completed in 2018.
- ✓ After the transformational renovation programme, the hotel added a co-working space and food hall to specifically target millennial travellers.
- ✓ Rooms have been refurbished to align with revamped image of the hotel in 2018.

Thank You

