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LANGHAM
HOSPITALITY INVESTMENTS

Langham Hospitality Investments

*(As constituted pursuant to a deed of trust on 8 May 2013 under the laws of Hong Kong,
the trustee of which is LHIL Manager Limited)*

and

Langham Hospitality Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1270)

CONTINUING CONNECTED TRANSACTIONS

**RESULTS OF MARKET RENT REVIEW PURSUANT TO
MASTER LEASE AGREEMENTS**

The Boards would like to announce that based on the Rental Review of the Valuer in accordance with the provisions in the Master Lease Agreements, the Valuer determines that the market rental package for the Hotels for the Relevant Period is comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements, and (ii) a Variable Rent being 70% to the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies on an annual basis as determined by Vigers. The market rental package of the Hotels for the Relevant Period is the same as the one for the current period.

Reference are made to the initial public offering prospectus of Langham dated 16 May 2013 and the subsequent interim reports and annual reports of Langham in relation to, inter alia, the Master Lease Agreements, pursuant to which each Hotel Company had agreed to lease the relevant Hotel owned by it to the Master Lessee, which constituted continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Under the Master Lease Agreements, the Master Lessee has agreed to pay the Hotel Companies the Base Rent fixed at HK\$225 million per annum (pro rata for any period of less than one year) for the whole term and the Variable Rent. Currently and until 31 December 2019, the Variable Rent will be calculated on the basis of 70% (as applicable percentage) of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotels Companies.

Pursuant to the Master Lease Agreements, for the Relevant Period, the Variable Rent payable will be calculated on a basis to be determined by an independent property valuer, such basis to be determined by reference to the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies for such period.

Pursuant to the terms of the Master Lease Agreements as set out above, the Company has appointed an independent property valuer, Vigers, acting as an expert and not as an arbitrator, to conduct a rental review to determine the market rental package of the Hotels (including the market rent of the Collective Leased Premises and the applicable percentage of the Variable Rent) for the Relevant Period.

The Boards would like to announce that based on the Rental Review of the Valuer in accordance with the provisions in the Master Lease Agreements, the Valuer determines that the market rental package for the Hotels for the Relevant Period is comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements, and (ii) a Variable Rent being 70% to the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies on an annual basis as determined by Vigers. The market rental package of the Hotels for the Relevant Period is the same as the one for the current period. Under the Master Lease Agreements, a further rental review will be performed for the period from 1 January 2024 for the remaining term of the Master Lease Agreements. Further announcement will be issued by the Company in due course.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Base Rent”	the aggregate fixed rent of HK\$225 million per annum (pro rata for any period of less than one year) which the Master Lessee has agreed to pay to the Hotel Companies for the lease of the Hotels under the Master Lease Agreements
“Boards”	The boards of directors of LHIL Manager Limited and the Company
“Company”	Langham Hospitality Investments Limited (朗廷酒店投資有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 29 January 2013
“Collective Leased Premises” or the “Hotel(s)”	The Langham, Hong Kong, Cordis, Hong Kong (formerly known as “Langham Place Hotel, Hong Kong”) and Eaton HK
“Global Marketing Fees”	the aggregate global marketing fees payable by each Hotel to Langham Hotels Services Limited in relation to the provisions of global marketing services to each Hotel
“Great Eagle”	Great Eagle Holdings Limited (鷹君集團有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0041) which beneficially holds 63.45 % of issued SSUs

“Gross Operating Profit”	the excess of total revenue of a Hotel over the operating expenses of that Hotel, as calculated in accordance with the provisions under the Master Lease Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel Companies”	the companies which own the Hotels, being Harvest Star International Limited, Cordis Hong Kong Limited (formerly known as “Langham Place Hotel (HK) Limited”) and Grow On Development Limited; and “Hotel Company” shall mean any of them
“Langham”	the Trust and the Company
“LHIL Manager Limited”	LHIL Manager Limited, a company incorporated in Hong Kong in its capacity as trustee-manager of the Trust and an indirect wholly-owned subsidiary of Great Eagle
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Lease Agreements”	the separate lease agreements each dated 10 May 2013 and addendum to existing lease agreements dated 16 February 2015 entered into between each Hotel Company and the Master Lessee in relation to the lease of the Hotels by the Hotel Companies to the Master Lessee
“Master Lessee”	GE (LHIL) Lessee Limited, a company incorporated in Hong Kong with limited liability on 5 February 2013 and an indirect wholly-owned subsidiary of Great Eagle
“Relevant Period”	period from 1 January 2020 to 31 December 2023 (both days inclusive)
“Rental Review”	Property Rental Valuation Report in respect of rental review of the Collective Leased Premises prepared by Vigers dated 30 September 2019
“SSUs”	Share stapled unit(s) issued by Langham. A share stapled unit is the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:

	<p>(a) a unit in the Trust;</p> <p>(b) the beneficial interest in a specifically identified ordinary share of the Company linked to the unit in the Trust and held by LHIL Manager Limited; and</p> <p>(c) a specifically identified preference share of the Company stapled to the unit in the Trust</p>
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	Langham Hospitality Investments (朗廷酒店投資)
“Trust Deed”	the trust deed dated 8 May 2013 constituting the Trust, entered into between LHIL Manager Limited and the Company as amended, supplemented, substituted or otherwise modified from time to time
“Trust Group”	the Trust and the Group
“Variable Rent”	the variable rent which the Master Lessee has agreed to pay to the Hotel Companies for the lease of the Hotels under the Master Lease Agreements
“Valuer” or “Vigers”	Vigers Appraisal and Consulting Limited, an independent property valuer appointed by the Company pursuant to the Master Lease Agreements

Yours faithfully,
By Order of the Boards of
LHIL Manager Limited
and
Langham Hospitality Investments Limited
LO Ka Shui
Chairman

Hong Kong, 30 September 2019

As at the date of this announcement, the Non-executive Directors are Dr. LO Ka Shui (Chairman) and Mr. LO Chun Him, Alexander; the Executive Director is Mr. Brett Stephen BUTCHER (Chief Executive Officer); and the Independent Non-executive Directors are Professor CHAN Ka Keung, Ceajer, Professor LIN Syaru, Shirley and Mr. WONG Kwai Lam.