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Great Eagle Holdings
Investor Presentation 1Q14



Highlights of 2013 Results

1. In May 2013, the Group spun off its three hotels in Hong Kong and created the Langham Hospitality Investments (LHI), in which the Group retained a 58% interest. Net proceeds from the spin-off exercise came to HK\$10.3bn for the Group.
2. Following which, the Group completed the acquisition of a hotel in New York, and then announced our intention to acquire and complete the acquisition of a prime office property in downtown San Francisco.
3. Last but not least, we launched the pre-sale of the residential apartments in our Dalian mixed-use development project in September 2013.
4. Although core earnings in 2013 were impacted by several factors, including i) lower attributable income from the spun off Hong Kong hotels, ii) booking of pre-opening and re-branding expenses for our hotels in North America and iii) an increase in administration expense in association with the spin off exercise, as well as professional fees incurred on feasibility studies for various projects.
5. Furthermore, there was an increase in losses from a joint venture, due to increased marketing costs associated with the presale and higher interest expense, which both contributed to the decrease in core profit.
6. Overall, core profit attributable to shareholders amounted to HK\$1,679.9 million, representing a decline of 6.8% year-on-year.



2013 Final Results

		2013	2012	Change	
		HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue					
Rental Income	- HK	190,400	171,123	19,277	11.3%
	- Overseas	121,342	108,267	13,075	12.1%
	- Building mgt fee	22,712	21,745	967	4.4%
Hotel Income	- HK	656,275	1,619,957	(963,682)	-59.5%
	- Overseas	2,698,600	2,417,559	281,041	11.6%
	- Others	125,885	57,210	68,675	120.0%
Income from Champion REIT*		1,033,191	959,307	73,884	7.7%
Income from Langham Hosp. Investments*		188,974	-	188,974	n.a.
Other Operations		381,482	324,669	56,813	17.5%
		<u>5,418,861</u>	<u>5,679,837</u>	<u>(260,976)</u>	-4.6%

* Based on attributable dividend income from Champion REIT and LHI in respect of the same financial period.



2013 Final Results

	2013	2012	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Net Rental Income - HK	158,049	154,232	3,817	2.5%
- Overseas	51,564	42,192	9,372	22.2%
Hotel Income - HK	254,800	642,692	(387,892)	-60.4%
- Overseas	313,259	378,913	(65,654)	-17.3%
- Others	104,866	24,168	80,698	333.9%
Income from Champion REIT*				
- Asset management	231,289	199,896	31,393	15.7%
- Dividend income	716,904	686,510	30,394	4.4%
- Agency commission	84,998	72,901	12,097	16.6%
Income from Langham Hosp. Investments*				
- Dividend income	188,974	-	188,974	n.a.
Other Operations	144,557	100,526	44,031	43.8%
Income before expenses	2,249,260	2,302,030	(52,770)	-2.3%
Other income	23,302	16,663	6,639	39.8%
Depreciation and amortisation	(122,260)	(134,885)	12,625	-9.4%
Administrative expenses	(281,057)	(237,494)	(43,563)	18.3%

* Based on attributable dividend income from Champion REIT in respect of the same financial period.



2013 Final Results

	2013	2012	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(125,716)	(107,638)	(18,078)	16.8%
Interest income	132,201	125,437	6,764	5.4%
	6,485	17,799	(11,314)	-63.6%
Share of results of associates	11,087	39,061	(27,974)	-71.6%
Share of results of a joint venture	(36,681)	(9,899)	(26,782)	270.6%
Profit before taxation	1,850,136	1,993,275	(143,139)	-7.2%
Income taxes	(168,729)	(190,363)	21,634	-11.4%
Net Profit	1,681,407	1,802,912	(121,505)	-6.7%
Less: Non-controlling interest	(1,532)	(836)	(696)	83.3%
Profit Attributable to Shareholders	1,679,875	1,802,076	(122,201)	-6.8%
Basic earnings per share	\$ 2.63	\$ 2.86		



2013 Final Results – Income from Champion breakdown

Income from Champion REIT

	2013	2012	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Asset management income (including HK\$21.6m in acquisition fee)	231,289	199,896	31,393	15.7%
Dividend received *	716,904	686,510	30,394	4.4%
Agency commission income & Property management income	84,998	72,901	12,097	16.6%
	<u>1,033,191</u>	<u>959,307</u>	<u>73,884</u>	<u>7.7%</u>

* Higher distribution from Champion REIT was mainly due to our increase in shareholding as a result of:

- 1) conversion of all of our 2008 CB into Champion REIT units in August 2012;
- 2) additional units acquired; and
- 3) management units received



Analysis on change on core income

	2013 \$'000
Change in profit from core business after tax	<u>(122,201)</u>
Arise from:	
Increase in Income from Champion REIT	73,884
Dividend income from LHI	188,974
Increase in net rental income	13,189
Decrease in net interest income	(11,314)
Increase in losses of a joint venture	(26,783)
Increase in administration expense	(43,563)
Decrease in Hotel EBITDA	(372,848)
Others	56,260
Change in profit from core business after tax	<u>(122,201)</u>



Discount to NAV

Financials

NAV based on statutory accounting principles (Dec 2013)

	HK\$m	HK\$/psf	HK\$/shr	% of Total
Investment properties	7,739	6,164	12.1	18%
Appraised valuation by independent valuer				
Hotels (including The Langham Chicago)	9,234	2.4	14.4	22%
Valued at cost less depreciation				
Dalian development project	631		1.0	1%
	HK\$m	HK\$/psf	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI				
Investment in Champion REIT:				
60.35% share of Champion's Net Assets	27,377		42.8	64%
Investment in Langham Hospitality Investments (LHI):				
Net liabilities from three HK hotels	(1,174)		(1.8)	-3%
Based at cost less depreciation approach				
(calculated as book cost of the hotels less debt				
drawn on listing date of HK\$6.8bn)	26,203		41.0	61%
Other net liabilities	(870)		(1.36)	-2%
Total	42,938		67.17	100%
Net (debt)/cash or preceived cash equivalent	7,018		10.98	n/a
Great Eagle's NAV	49,956		78.14	

Discount to NAV based on share price of HK\$ 25.6

-67%

Note: valuation on investment properties include owner-occupied portion

NAV based on net assets of Champion REIT and LHI (Dec 2013)

	HK\$m	HK\$/psf	HK\$/shr	% of Total
Investment properties	7,739	6,164	12.1	15%
Appraised valuation by independent valuer				
Hotels (including The Langham Chicago)	9,234	2.4	14.4	18%
Valued at cost less depreciation				
Dalian development project	631		1.0	1%
	HK\$m	HK\$/psf	HK\$/shr	
Share of net assets of Champion REIT and LHI				
Investment in Champion REIT:				
60.35% share of Champion's Net Assets	27,377		42.8	54%
Investment in Langham Hospitality Investments (LHI):				
57.72% share of LHI's net assets	6,159		9.6	12%
	33,536		52.5	67%
Other net liabilities	(870)		(1.36)	-2%
Total	50,271		78.64	100%
Net (debt)/cash or preceived cash equivalent	7,018		10.98	n/a
Great Eagle's NAV	57,289		89.61	

Discount to NAV based on share price of HK\$ 25.6

-71%



Financial position

(A) Base on statutory financial positions

(HK\$ Million)	Book Carrying Value	Net Cash (Debt)	Net Equity	Loan to Value	Gearing	EBITDA	Net interest expense	Interest Cover
Hong Kong/ PRC Assets	54,507	(13,289)	41,218	24.4%	32.2%	2,589	309	8.4
Overseas Assets	11,322	(2,584)	8,738	22.8%	29.6%	445	85	5.2
Group Total	65,829	(15,873) ^(d)	49,956	24.1%	31.8%	3,034	394	7.7

(B) Base on core financial positions ^(a)

	Book Carrying Value	Net Cash (Debt)	Net Equity	Loan to Value ^(b)	Gearing ^(b)	Core EBITDA	Net interest (income) / expense	Interest Cover ^(c)
Hong Kong/ PRC Assets	42,156	6,395	48,551	n/a	n/a	1,618	(91)	n/a
Overseas Assets	11,322	(2,584)	8,738	22.8%	29.6%	445	85	5.2
Group Total	53,478	3,811 ^(d)	57,289	n/a	n/a	2,064	(6)	n/a

Notes:

- (a) Core financial positions is arrived at sharing the net assets of Champion REIT and Langham. Core EBITDA and net interest expenses are arrived at the Group's profit from core business, and in particular based on dividend entitlement from the two listed subsidiaries.
- (b) Not applicable since it is in a net cash position.
- (c) Not applicable since it is in a net interest income position.
- (d) Including other liquid investments such investments in bonds and equities.



Valuation – Investment properties

Financials

As at the end of December 2013

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Change from end of June 2013
Great Eagle Centre			
Office	193,271	15,279	0.1%
Retail	55,944	8,850	3.0%
3rd floor	20,959	7,601	0.5%
Carparks (nos/unit price)	296	625,000	-
Signage (gross value in HK\$mn)		242	5.2%

Eaton House

Wanchai Gap Road	34,915	8,449	5.4%
Village Road	23,350	8,522	-
Blue Pool Road	33,700	10,504	-

Convention Plaza apartments

5,817	16,283	-
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Overseas investment properties

US office properties	962,406	2,870	33.0%
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Development project

Dalian Mixed-use Development Project

Location: Donggang Area,
Renmin Road East,
ZhongShan District,
Dalian, PRC

Site: 28,600 sq.m.

G.F.A.:	Hotel	50,000 s.m.
	Res	<u>236,000 s.m.</u>
	Total	286,000 s.m.

Status: Completion in two
phases from
2014/2015 onward.

Presale on parts of
apartments started in
September 2013



Langham Hotels International



Great Eagle
Holdings Limited



Hotel portfolio – 2013 Operational Statistics

Owned by subsidiary LHI

The Langham, Hong Kong

Langham Place, Mongkok, HK

Eaton Hong Kong

Wholly owned Hotels

The Langham, London

The Langham, Boston

The Langham, Melbourne

The Langham, Sydney

The Langham, Auckland

The Langham, Huntington Pasadena

Eaton Chelsea Toronto

The Langham Chicago^

Langham Place, Fifth Avenue*

The Langham, Xintiandi, Shanghai
(33.3% owned)

	Occupancy			Average Room Rate (local currency)			RevPar (local currency)		
	YTD-Dec 2013	YTD-Dec 2012	Change	YTD-Dec 2013	YTD-Dec 2012	Change	YTD-Dec 2013	YTD-Dec 2012	Change
The Langham, Hong Kong	88.9%	86.1%	2.8%	\$2,266	\$2,239	1.2%	\$2,013	\$1,927	4.5%
Langham Place, Mongkok, HK	90.7%	89.2%	1.4%	\$1,883	\$1,866	0.9%	\$1,707	\$1,665	2.6%
Eaton Hong Kong	95.1%	94.9%	0.2%	\$1,208	\$1,198	0.8%	\$1,149	\$1,138	1.0%
The Langham, London	80.7%	76.3%	4.5%	£278	£274	1.3%	\$224	\$209	7.3%
The Langham, Boston	75.1%	67.1%	8.0%	\$242	\$242	-0.3%	\$182	\$163	11.5%
The Langham, Melbourne	85.7%	81.9%	3.9%	\$277	\$261	6.2%	\$238	\$214	11.2%
The Langham, Sydney	82.9%	77.3%	5.6%	\$291	\$296	-1.8%	\$241	\$229	5.3%
The Langham, Auckland	76.3%	70.1%	6.2%	\$177	\$181	-2.1%	\$135	\$127	6.5%
The Langham, Huntington Pasadena	74.8%	72.7%	2.1%	\$228	\$219	4.2%	\$170	\$159	7.2%
Eaton Chelsea Toronto	68.7%	70.4%	-1.8%	\$124	\$125	-0.8%	\$85	\$88	-3.3%
The Langham Chicago^	46.8%	n.a.	n.a.	\$291	n.a.	n.a.	\$136	n.a.	n.a.
Langham Place, Fifth Avenue*	81.0%	n.a.	n.a.	\$627	n.a.	n.a.	\$508	n.a.	n.a.
The Langham, Xintiandi, Shanghai (33.3% owned)	58.8%	58.1%	0.7%	\$1,696	\$1,551	9.4%	¥ 997	¥ 901	10.7%

^ From 10 July to 31 Dec, 2013

* From 25 Sep to 31 Dec, 2013



Hotel portfolio – 2013 Operational statistics

	Room revenue growth YTD-Dec 2013	F&B revenue growth YTD-Dec 2013
The Langham, London	7%	4%
The Langham, Boston	11%	11%
The Langham, Melbourne	12%	-3%
The Langham Sydney	n.a.	n.a.
The Langham, Auckland	6%	2%
The Langham, Huntington Pasadena	7%	3%
Eaton Chelsea Toronto	-4%	-11%
Langham Place Fifth Avenue, New York	n.a.	n.a.
The Langham, Chicago	n.a.	n.a.



Hotel portfolio – Profit contribution

	in Local Currency			in HK\$	
	2013 in mn	2012 in mn	Change	2013 in mn	Contribution to hotel profits
<u>Owned Hotels</u>					
Hong Kong	\$254.8	\$642.7	-60.4%	\$254.8	45%
(The Langham, Hong Kong, Langham Place, Hong Kong and Eaton, Hong Kong from Jan 01 - May 29, 2013)					
Europe	£12.7	£12.0	5.6%	\$153.7	27%
UK (The Langham, London)					
North America					
U.S. (The Langham, Boston, The Langham, Chicago, and Langham Place Fifth Ave, NY and The Langham, Huntington Hotel & Spa)	(US\$1.9)	US\$4.3	-145.0%	(\$15.0)	-3%
Canada (Eaton Chelsea)	C\$4.9	C\$9.8	-49.8%	\$36.8	6%
Australasia					
Australia (The Langham, Melbourne and Sydney)	A\$13.3	A\$11.0	21.5%	\$99.9	18%
New Zealand (The Langham, Auckland)	N\$5.9	N\$5.5	8.7%	\$37.8	7%
<u>Total in HK\$ mn</u>	\$568.1	\$1,021.6	-44.4%	\$568.1	100%



Hotel portfolio – Currency impact

	<u>2013</u>	<u>2012</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	12.1350	12.3006	-1.3%	(2.1)
CAD	7.5321	7.7616	-3.0%	(1.1)
AUD	7.5008	8.0298	-6.6%	(7.0)
USD	7.7572	7.7575	0.0%	(0.0)
NZD	6.3589	6.2811	1.2%	0.5
Total				- HK\$ 9.8 mn



Langham Hotels International

Managed hotel owned by third parties

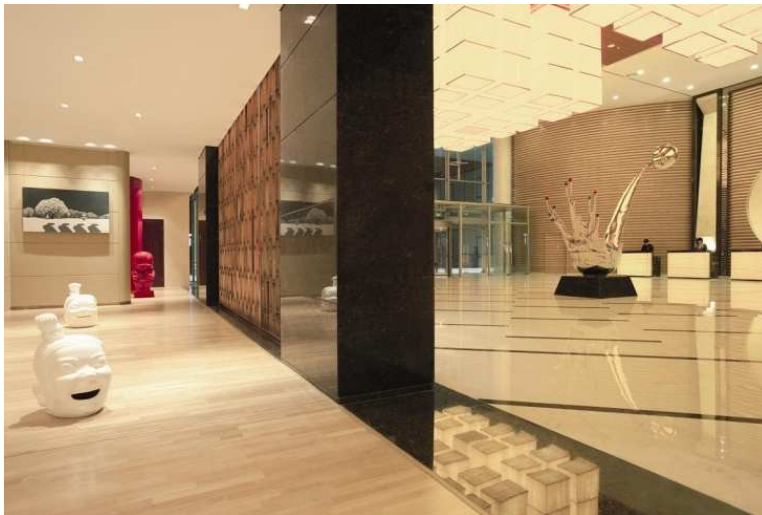




Eaton Luxe, Nanqiao, Shanghai

With 204 rooms

Opened in April 2010



Langham Place, Beijing Capital Airport

With 372 rooms

Opened in August 2010



Eaton Smart

New Delhi International Airport

With 93 rooms

Opened in June 2011



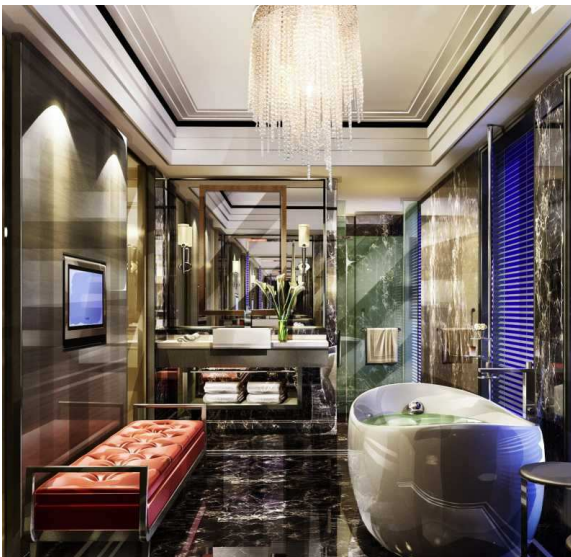
88 Xintiandi, Shanghai

With 53 rooms

Opened in September 2011



The Langham, Shenzhen
Guangzhou, China
With 352 rooms
Opened in October 2012



Eaton Luxe, Xinqiao, Shanghai
With 214 rooms
Opened in November 2012

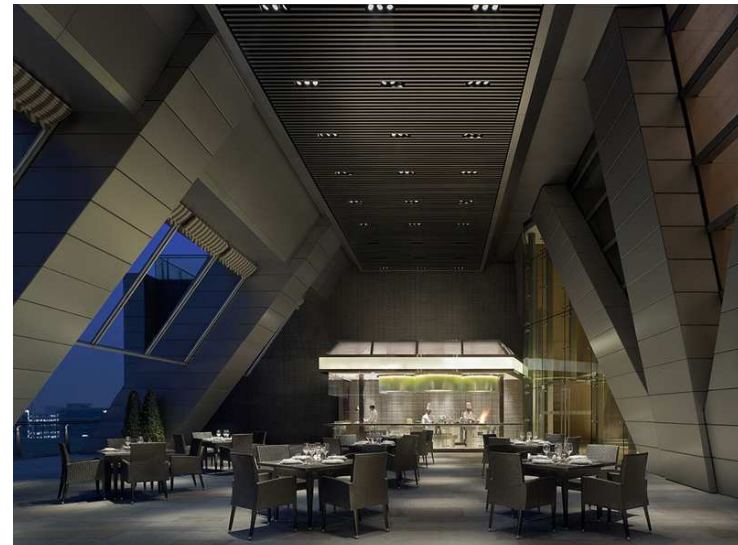


Langham Place, Guangzhou

Guangzhou, China

With 500 rooms

Opened in 2013





Hotel pipeline

2014	Rooms	Status
Langham Place, Ningbo	143	Agreement
Langham Place, Xiamen	327	Agreement
Eaton Luxe, Qingdao	538	Agreement
Langham Place, Haining	266	Agreement
2015	Rooms	Status
Langham Place, Datong	327	Agreement
Langham Place, Qingdao	194	Agreement
The Langham Haikou, Hainan	244	Agreement
2017	Rooms	Status
The Langham, Dalian - 50% owned	361	Agreement
The Langham, Jakarta	210	Agreement

Hotel pipeline does not include management contracts under Technical Service Agreement (TSA)

Investment properties





2013 Final Results - Rental income breakdown

	Gross rental income		Growth	Net rental income		Growth
(in HK\$ mn)	2013	2012	(%)	2013	2012	(%)
Hong Kong Investment Properties						
Great Eagle Centre	143.0	127.7	11.9	128.2	123.8	3.6
Eaton House	45.1	40.9	10.4	28.1	28.5	(1.4)
Convention Plaza Apartments	2.3	2.5	(8.4)	1.7	2.0	(12.0)
Building Management income	22.7	21.7	4.4	-	-	n.a.
U.S. Investment Properties						
353 Sacramento	67.5	63.1	6.9	27.7	23.2	19.2
123 Mission Street	10.7	-	n.a.	5.0	-	n.a.
500 Ygnacio	23.9	24.3	(1.6)	9.0	8.4	6.9
2700 Ygnacio	19.3	20.8	(7.2)	10.0	10.6	(5.8)
Total	334.5	301.1	11.1	209.6	196.4	6.7



Great Eagle Centre

- On the back of sustaining demand from Mainland Chinese companies and to a lesser extent, relocation demand from Central tenants, asking rents for the office portion remained stable at between HK\$60 to HK\$73 per sq. ft. on lettable floor area throughout 2013.
- As such, average passing rent at the Great Eagle Centre went from HK\$58.9 per sq. ft. as of December 2012 to HK\$62.9 per sq. ft. as of December 2013.
- However, given the Group's planned strategy to relocate its hotel management subsidiary from Langham Place office tower to Great Eagle Centre from January 2014, this had resulted in increased downtime on certain office space when their leases expired during 2013.
- Overall, gross rental income for Great Eagle Centre increased 11.9% to HK\$143.0 million in 2013 (2012: HK\$127.7 million). However, net rental income was impacted by booking of additional expenses. These additional expenses are for the relocation and upgrading of the cooling water pumping facilities and other maintenance capital expenditure that cannot be capitalized.



Eaton Serviced Apartments

The plan to convert part of the rooms at the serviced apartments on Wanchai Gap Road to operate under guesthouse rooms, which can be rented on a nightly basis rather than monthly basis for serviced apartments, helped to lift performance for Wanchai Gap Road property. Whereas occupancies dropped at the two serviced apartments in Happy Valley.

Blue Pool Road, rentable area 37,236 Sq Ft

- Occupancy dropped 7.7ppt to 65.6%,
- Rental per occupied sq ft rose 2.1% yoy to HK\$43.1

Village Road, rentable area 23,350 Sq Ft

- Occupancy dropped 9.6ppt to 71.3%,
- Rental per occupied sq ft rose 1.6% yoy to HK\$40.6

Wanchai Gap Road, rentable area 30,729 Sq Ft (2012: 29,719 Sq Ft)

- Occupancy dropped 2.9ppt to 82.1%,
- Rental per occupied sq ft rose 23.6% yoy to HK\$52.5



US Investment properties

As recovery in the office leasing market in California progresses, spot rents at 353 Sacramento, 123 Mission Street and 500 Ygnacio have all rose to levels above their average passing rents. Although spot rents at 2700 Ygnacio were still below its average passing rent.

353 Sacramento, San Francisco

- Average passing rent reached US\$39.1 psf in Dec 2013, from US\$35.8 psf in Dec 2012.
- Occupancy rate stood at 95% as at the end of 2013(as at the end of 2012: 83%).

500 Ygnacio, California

- Average passing rent reached US\$32.5 psf in Dec 2013, from US\$33.8 psf in Dec 2012.
- Occupancy rate stood at 94% as at the end of 2013(as at the end of 2012: 97%).

2700 Ygnacio, California

- Average passing rent reached US\$25.2 psf in Dec 2013, from US\$27.2 psf in Dec 2012.
- Occupancy rate stood at 89% as at the end of 2013(as at the end of 2012: 95%).

123 Mission Street, San Francisco

- Average passing rent reached US\$39.3 psf in Dec 2013.
- Occupancy rate stood at 88% as at the end of 2013.



Investment in the Champion REIT (2778.HK) & Langham Hospitality Investments (1270.HK)

Note that our core profit is based on dividend from Champion REIT and LHI in respective of the same financial period.

Outlook for Champion REIT's properties:

For Champion REIT, there should be some downside for the income of Citibank Plaza. Fortunately, strong rental growth at Langham Place property should be able to counteract the potential weakness at Citibank Plaza. However, higher interest costs may once again hold back the growth in distributable income.

Outlook for LHI's properties:

For the three hotels owned by LHI, they have all witnessed an increase in RevPAR in the first six weeks of 2014. Booking pace is supporting growth trend into March 2014. However, with little visibility on future demand, macroeconomic trends of the major feeder markets will still play a key role in determining RevPAR growth for the Hong Kong hotels in 2014.



Reconciliation to core earnings from reported

	2013 HK\$ 000	2012 HK\$ 000	
Profit for the period before consolidating results of CREIT and LHI	1,011,046	1,320,970	
i) Fair value changes on investment properties Excluding that of CREIT and LHI	(288,720)	(435,021)	- Ignored in core earnings calculation
ii) - v) Other non-realised changes Excluding that of CREIT and LHI	(187,152)	(43,732)	- Ignored in core earnings calculation
1. Depreciation – Hotel Buildings and Amortization of prepaid lease payment	190,983	237,725	See depreciation in core earnings calculations
2. Depreciation of hotel building and fair value change on investment property of an associate	20,601	17,840	See results of associates in core earnings calculation
3. Attributable distributions from Champion REIT	716,904	686,510	See revenue and operating profit in core earnings calculation
4. Attributable distributions from Langham Hosp. Investments (LHI)	188,974	-	See revenue and operating profit in core earnings calculation
5. Related deferred tax provision relation to fair value change of Investment properties	93,996	32,388	See taxes in core earnings calculation
6. Inflation interest income under bifurated accounting treatment for convertible bond held	-	(14,604)	
7. Unrealised exchange gain on holdings of foreign currency	(66,758)		See other income
CORE EARNINGS AFTER TAX	1,679,875	1,802,076	



Reconciliation to core earnings from reported

	Reported earnings 2013 HK\$'000	Core earnings 2013 HK\$'000	Core earnings 2012 HK\$'000	
Gross Revenue				
Rental Income				
- HK	190,400	190,400	171,123	
- Overseas	121,342	121,342	108,267	
- Building mgt fee inc	22,712	22,712	21,745	
Hotel Income				
- Under statutory accounts which consolidated revenue of LHI				
- HK hotels revenue from Jan 01- May 29	656,275	656,275	1,619,957	
- HK hotels revenue from May 30 - Jun 30	1,000,710			
- Overseas	2,698,600	2,698,600	2,417,559	- Core revenue ignores revenue after the spin off date
- Others, including Hotel mgt fee of HK\$47.090 m from LHI	125,885	125,885	57,210	
Income from Champion REIT				
- Management fee income	316,287	316,287	272,797	
- Gross rental income	2,179,268			- Ignore, core profit base on distributions
- Distributions		716,904	686,510	- Add back distributions, item 3 of adjustments
Income from Langham Hosp. Investments*				
- Gross rental income	471,764			- Ignore, core profit base on distributions
- Distributions		188,974	-	- Add back distributions, item 4 of adjustments
Other Operations	381,482	381,482	324,669	
Elimination of intra-group transactions	(863,709)			- Ignore inter-group eliminations associated with CREIT and LHI
Revenue	<u>7,301,016</u>	<u>5,418,861</u>	<u>5,679,837</u>	



Reconciliation to core earnings from reported

	Reported earnings 2013 HK\$'000	Core earnings 2013 HK\$'000	Core earnings 2012 HK\$'000	
Net Operating Income				
Net Rental Income - HK	158,049	158,049	154,232	
- Overseas	51,564	51,564	42,192	
Hotel Income			642,692	
- HK hotels up to 29th May 2013	262,869	254,800		- Core profit for HK hotels is after inter-group transactions
- Overseas	313,259	313,259	378,913	
- Others	104,866	104,866	24,168	- Others included hotel management income from LHI and surplus/deficit from acting as a Lessee of LHI
- Net rental income from LHI from May 30	394,932			- Ignore Net rental income of LHI, core profit base on distributions
- Inter-group adjustments under statutory accounting	8,180			- Core profit is after intergroup transactions
Income from Champion REIT				
- Management fee income	316,287	316,287	272,797	
- Net rental income	1,484,982			- Ignore net rental income, core profit base on distributions
- Distributions		716,904	686,510	- Add back distributions, item 3 of adjustments
Income from Langham Hosp. Investments*				
- Distributions		188,974	-	- Add back distributions, item 4 of adjustments
Other Operations	155,542	144,557	100,526	- Core profit for other operations is after impact of inter-group transactions
Operating profit	3,250,530	2,249,260	2,302,030	



Reconciliation to core earnings from reported

	Reported earnings 2013 HK\$'000	Core earnings 2013 HK\$'000	Core earnings 2012 0 HK\$'000	
Operating profit before Dep. and Amortisation	3,250,530	2,249,260	2,302,030	
Depreciation and amortisation	(403,739)	(122,260)	(134,885)	- Exclude depreciation of CREIT and LHI, add back depreciation, relating to hotel land and buildings, item 1 of adjustments
i) Fair value changes on investment properties	1,119,261			- Ignored in core earnings calculation
ii) Fair value changes on derivative financial instruments	309,048			- Ignored in core earnings calculation
iii) Fair value changes of financial assets designated at FVTPL	37,170			- Ignored in core earnings calculation
iv) Gain on conversion of convertible bonds of Chamion REIT	29,302			- Ignored in core earnings calculation
v) Reversal of impairment on a hotel property	149,170			- Ignored in core earnings calculation
Other income (excluding interest income)	94,512	23,302	16,663	- Exclude other income of LHI and add adjustment item 7, deduct non-realised exchange gain
Administrative expenses	(340,948)	(281,057)	(237,494)	- Exclude admin. expense relating to CREIT and LHI



Reconciliation to core earnings from reported

	Reported earnings 2013 HK\$'000	Core earnings 2013 HK\$'000	Core earnings 2012 HK\$'000	
Net finance costs				
Finance cost	(545,171)	(125,716)	(107,638)	- Exclude interest expense relating to CREIT and LHI
Interest income (Classified as "Other income" on income statement)	151,035 (394,136)	132,201 6,485	125,437 17,799	- Exclude interest income relating to CREIT and LHI
Share of results of associates	(9,514)	11,087	39,061	- Add ajustement item 2
Share of results of a joint venture	(36,681)	(36,681)	(9,899)	
Profit before tax	3,803,975	1,850,136	1,993,275	
Income taxes	(426,312)	(168,729)	(190,363)	-Exclude taxes of CREIT and LHI, and add item 5 from adjustments
Net Profit	3,377,663	1,681,407	1,802,912	
Less: Non-controlling interest	978,191	1,532	836	- MI of GE, and non-controlling interest relating to CREIT and LHI
Profit Attributable to Shareholders	2,399,472	1,679,875	1,802,076	
Basic earnings per share	\$ 3.76	\$ 2.63	\$ 2.86	