



Great Eagle Holdings

Investor Presentation 3Q13



Highlights of 1H 2013 Results

1. In May 2013, the Group spun off its interests in the three hotels in Hong Kong and created the Langham Hospitality Investments (LHI), in which the Group retained a 57.8% interest. Net proceeds from the spin-off exercise came to HK\$10.3bn for the Group or HK\$16.1 per share.
2. Primarily as a result of an accounting change to consolidate our investment in Champion REIT, as well as the gain on deemed partial disposal of the three hotels in Hong Kong, the Group's book value rose to HK\$76.5 per share as at the end of June 2013. Net gearing rose to 16% as at the end of June 2013 after consolidating the entire debts of Champion REIT and LHI.
3. Based on the net assets of Champion REIT and LHI, the Group's book value would have been HK\$87.8 per share and it would have been in a net cash position as at the end of June 2013.
4. On core profit, EBITDA from the Hotels Division in the first half period managed to stay flat compared with a year ago, despite the absence of approximately one month of income from the Hong Kong hotels.
5. Income from Champion REIT rose on the back of higher management fee income, as well as higher distributions. The increase in distributions from Champion REIT was however, primarily due to timing difference that lowered the base for comparison.
6. Overall, operating income from core business, which included approximately one month of distributions from LHI, rose 6.2% year-on-year to HK\$1,092 million in the first half of 2013. However, core profit after tax dropped 6.6% year-on-year to HK\$780.2 million over the period.
7. The decline in core profit after tax was primarily due to absence of interest income booked from our investment in Champion REIT's convertible bonds.
8. Furthermore, an increase in administration expense, which included additional costs associated with the spin-off project and unrealized losses from foreign currency translations, impacted profit over the first half period.
9. The key driver in the second half of the year would be the kick-off of presale of the apartment units in our Dalian mixed use development project, as well as the Grand opening of The Langham, Chicago.



2013 Interim Results

		1H 2013	1H 2012	Change	
		HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue					
Rental Income	- HK	90,066	82,785	7,281	8.8%
	- Overseas	54,201	55,112	(911)	-1.7%
	- Building mgt fee inc	11,199	10,944	255	2.3%
Hotel Income	- HK	656,695	763,083	(106,388)	-13.9%
	- Overseas	1,210,016	1,114,922	95,094	8.5%
	- Others	44,385	27,552	16,833	61.1%
Income from Champion REIT*		472,685	433,351	39,334	9.1%
Income from Langham Hosp. Investments*		21,180	-	n.a.	n.a.
Other Operations		174,044	165,819	8,225	5.0%
		2,734,471	2,653,568	80,903	3.0%

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



2013 Interim Results

	1H 2013 HK\$'000	1H 2012 HK\$'000	Change	
			HK\$'000	%
Net Operating Income				
Net Rental Income - HK	67,919	74,279	(6,360)	-8.6%
- Overseas	24,503	23,731	772	3.3%
Hotel Income - HK	254,743	281,957	(27,214)	-9.7%
- Overseas	166,224	149,854	16,370	10.9%
- Others	21,919	10,361	11,558	111.6%
Income from Champion REIT*				
- Asset management	103,020	99,620	3,400	3.4%
- Dividend income	331,700	299,387	32,313	10.8%
- Agency commission	37,965	34,344	3,621	10.5%
Income from Langham Hosp. Investments*				
- Dividend income	21,180	-	n.a.	n.a.
Other Operations	62,819	55,245	7,574	13.7%
Income before expenses	1,091,992	1,028,778	63,214	6.1%
Other income	2,864	5,331	(2,467)	-46.3%
Depreciation and amortisation	(63,601)	(54,341)	(9,260)	17.0%
Administrative expenses	(147,793)	(105,276)	(42,517)	40.4%

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



2013 Interim Results

	1H 2013	1H 2012	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(60,838)	(50,816)	(10,022)	19.7%
Interest income	16,469	89,930	(73,461)	-81.7%
	(44,369)	39,114	(83,483)	-213.4%
Share of results of associates	11,081	11,597	(516)	-4.4%
Share of results of a jointly controlled entity	(9,560)	(5,138)	(4,422)	
Profit before taxation	840,614	920,065	(79,451)	-8.6%
Income taxes	(59,773)	(84,805)	25,032	-29.5%
Net Profit	780,841	835,260	(54,419)	-6.5%
Less: Non-controlling interest	635	255	380	
Profit Attributable to Shareholders	780,206	835,005	(54,799)	-6.6%
Basic earnings per share	\$ 1.22	\$ 1.32		



2013 Interim Results – Income from Champion breakdown

Income from Champion REIT

	1H 2013	1H 2012	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Dividend received	331,700	299,387	32,313	10.8%
Asset management income	103,020	99,620	3,400	3.4%
Agency commission income & Property management income	37,965	34,344	3,621	10.5%
	<u>472,685</u>	<u>433,351</u>	<u>39,334</u>	<u>9.1%</u>



Analysis on change on core income

	1H 2013 \$'000
Change in profit from core business after tax	(54,799)
Arise from:	
Increase in Income from Champion REIT	39,334
Net decrease in income and deferred tax provision (excluding deferred tax on fair value changes)	25,032
Dividend income from LHI	21,180
Decrease in net interest income	(73,461)
Increase in administration expense	(42,517)
Others	(24,367)
Change in profit from core business after tax	(54,799)



Discount to NAV

Financials

NAV based on statutory accounting principles (June 2013)

	HK\$m	HK\$/psf	HK\$/shr	% of Total
Investment properties	6,107	6,771	9.6	16%
Appraised valuation by independent valuer				
	HK\$m	HK\$/room		
Hotels (including The Langham Chicago)	6,726	1.7	10.5	17%
Valued at cost less depreciation				
Dalian development project	649		1.0	2%
	HK\$m	HK\$/psf	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI				
Investment in Champion REIT:				
58.15% share of Champion's Net Assets	26,698		41.8	69%
Investment in Langham Hospitality Investments (LHI):				
Net liabilities from three HK hotels	(1,286)		(2.0)	-3%
valued at cost less depreciation				
(calculated as book cost of the hotels less debt				
drawn on listing date of HK\$6.8bn)	25,412		39.8	65%
Other net liabilities	46		0.07	0%
Total	38,940		60.92	100%
Net (debt)/cash	9,935		15.54	n/a
Great Eagle's NAV	48,875		76.46	

Discount to NAV based on share price of HK\$ 29

-62%

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

	HK\$m	HK\$/psf	HK\$/shr	% of Total
Investment properties	6,107	6,771	9.6	13%
Appraised valuation by independent valuer				
	HK\$m	HK\$/room		
Hotels (including The Langham Chicago)	6,726	1.7	10.5	15%
Valued at cost less depreciation				
Dalian development project	649		1.0	1%
	HK\$m	HK\$/psf	HK\$/shr	
Share of net assets of Champion REIT and LHI				
Investment in Champion REIT:				
58.15% share of Champion's Net Assets	26,698		41.8	58%
Investment in Langham Hospitality Investments (LHI):				
57.69% share of LHI's net assets	5,989		9.4	13%
	32,687		51.13	71%
Other net liabilities	46		0.07	0%
Total	46,215		72.30	100%
Net (debt)/cash	9,935		15.54	n/a
Great Eagle's NAV	56,150		87.84	

Discount to NAV based on share price of HK\$ 29

-67%

Note: valuation on investment properties include owner-occupied portion



Financial position

(i) Financial position - Based on statutory accounting principles

(HK\$ Million)	Book Carrying Value	Net Cash (Debt)	Net Equity	Loan to Value	Gearing	EBITDA	Net interest expense	Interest Cover
Hong Kong/ PRC Assets	49,065	(6,548)	42,517	13%	15%	1,158	198	6
Overseas Assets	7,606	(1,248)	6,358	16%	20%	222	39	6
Group Total	56,671	(7,796)	48,875	14%	16%	1,380	237	6

(ii) Financial position - Based on share of net assets of LHI and Champion REIT (a)

	Book Carrying Value	Net Cash (Debt)	Net Equity	Loan to Value ^(b)	Gearing ^(b)	Core EBITDA	Net interest expense	Interest Cover
Hong Kong/ PRC Assets	38,609	11,183	49,792	n/a	n/a	725	5	145
Overseas Assets	7,606	(1,248)	6,358	16%	20%	222	39	6
Group Total	46,215	9,935	56,150	n/a	n/a	947	44	21

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



Valuation – Investment properties

Financials

As at the end of June , 2013

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Change from end of Dec 2012
Great Eagle Centre			
Office	193,271	15,258	0.9%
Retail	55,944	8,589	1.6%
3rd floor	20,959	7,562	2.9%
Carparks (nos/unit price)	296	625,000	2.2%
Signage (gross value in HK\$mn)		230	-

Eaton House

Wanchai Gap Road	34,915	8,019	-
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	544,898	2,159	8.2%
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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 Phase 1 the
apartments will start in
September 2013



Langham Hotels International





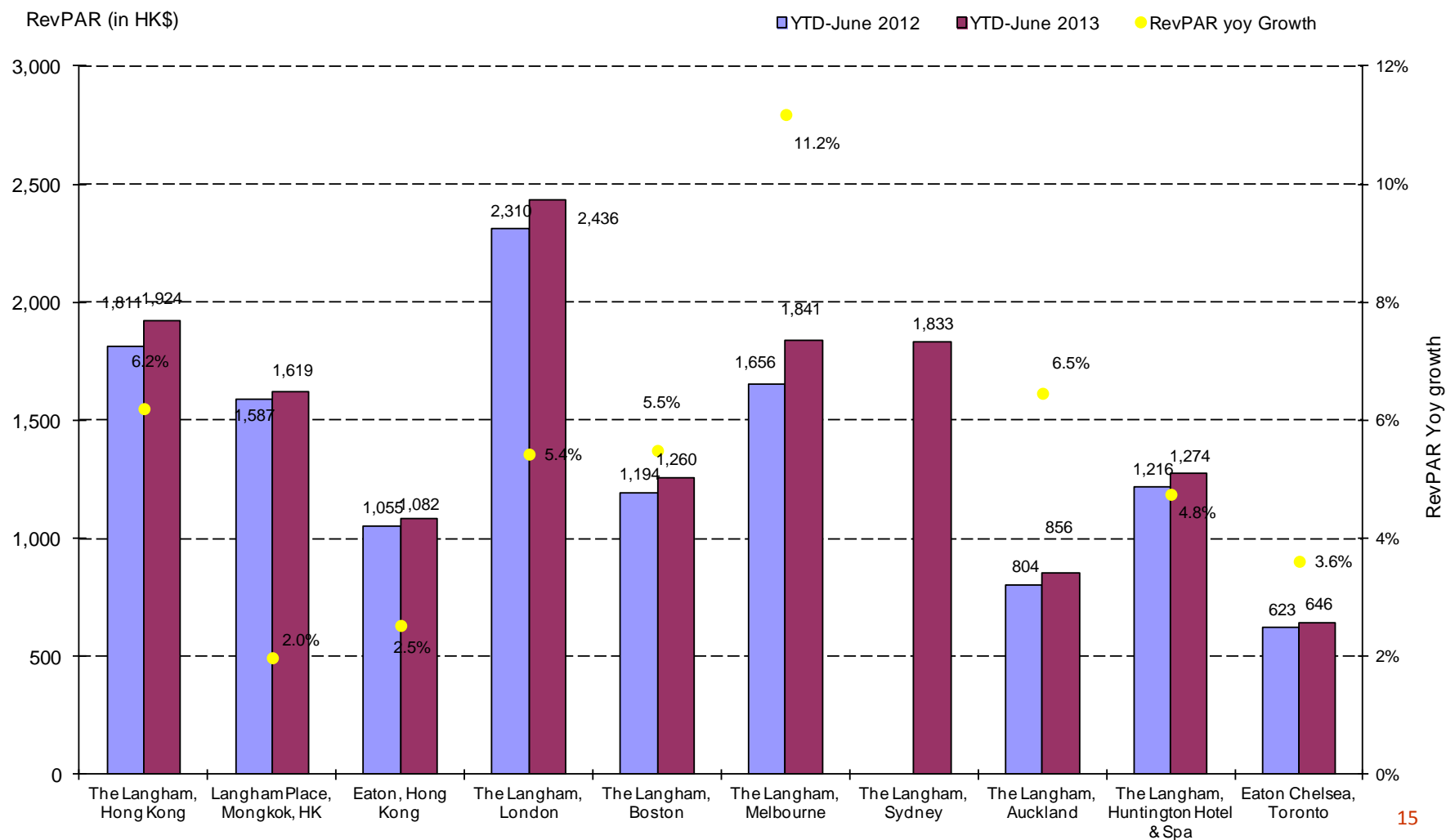
Hotel portfolio – 1H 2013 Operational Statistics

Wholly-owned Hotels

	Occupancy			Average Room Rate (local currency)			RevPar (local currency)		
	YTD-June 2013	YTD-June 2012	Change	YTD-June 2013	YTD-June 2012	Change	YTD-June 2013	YTD-June 2012	Change
The Langham, Hong Kong	85.4%	81.6%	3.8%	\$2,254	\$2,221	1.5%	\$1,924	\$1,811	6.2%
Langham Place, Mongkok, HK	87.7%	85.8%	1.9%	\$1,846	\$1,850	-0.2%	\$1,619	\$1,587	2.0%
Eaton Smart, Hong Kong	93.3%	92.5%	0.9%	\$1,159	\$1,141	1.6%	\$1,082	\$1,055	2.5%
The Langham, Xintiandi, Shanghai (33.3% owned)	55.3%	52.3%	3.0%	¥ 1,729	¥ 1,597	8.3%	¥ 957	¥ 836	14.5%
The Langham, London	76.0%	71.3%	4.7%	£267	£264	1.1%	\$203	\$189	7.8%
The Langham, Boston	66.9%	64.3%	2.6%	\$243	\$239	1.5%	\$162	\$154	5.5%
The Langham, Melbourne	85.6%	78.9%	6.6%	\$273	\$262	4.3%	\$234	\$207	13.0%
The Langham, Sydney	82.9%	n.a.	n.a.	\$281	n.a.	n.a.	\$233	n.a.	n.a.
The Langham, Auckland	72.5%	69.4%	3.1%	\$184	\$186	-1.1%	\$133	\$129	3.3%
The Langham, Huntington Pasadena	72.1%	74.6%	-2.5%	\$228	\$210	8.4%	\$164	\$157	4.8%
Delta Chelsea Toronto	69.1%	67.4%	1.6%	\$122	\$120	2.1%	\$85	\$81	4.6%



Hotel portfolio – 1H 2013 RevPAR performance





Hotel portfolio – 1H 2013 Final Operational statistics

	Room revenue growth YTD-June 2013	F&B revenue growth YTD-June 2013
The Langham, London	8%	10%
The Langham, Boston	5%	8%
The Langham, Melbourne	13%	0%
The Langham, Auckland	3%	4%
The Langham, Sydney	n.a.	n.a.
The Langham, Huntington Pasadena	4%	-5%
Delta Chelsea Toronto	4%	-6%
The Langham, Xintiandi	17%	14%



Hotel portfolio – Currency impact

	<u>Jun-13</u>	<u>Jun-12</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	11.9811	12.2527	-2.2%	(1.4)
CAD	7.6403	7.7145	-1.0%	(0.3)
AUD	7.8728	8.0035	-1.6%	(0.8)
USD	7.7594	7.7614	0.0%	(0.0)
NZD	6.4224	6.2338	3.0%	0.5
Total				- HK\$ 1.9 mn

The impact from exchange currency was negative over 1H 2013, although the impact is very minimal at less than 0.5%.



Hotel portfolio – Profit contribution

	in Local Currency			in HK\$	
<u>Owned Hotels</u>	1H 2013 in mn	1H 2012 in mn	Change	1H 2013 in mn	Contribution to hotel profits
Hong Kong	\$254.8	\$282.0	-9.7%	\$254.8	61%
(The Langham, Hong Kong, Langham Place, Hong Kong and Eaton, Hong Kong from Jan 01 - May 29, 2013)					
Europe	£5.1	£4.1	23.3%	\$61.0	14%
UK (The Langham, London)					
North America					
U.S. (The Langham, Boston and The Langham, Huntington Hotel & Spa)	U\$1.6	U\$1.5	8.8%	\$12.7	3%
Canada (Eaton Chelsea)	C\$3.8	C\$3.6	5.6%	\$29.2	7%
Australasia					
Australia (The Langham, Melbourne and Sydney)	A\$5.8	A\$5.7	2.7%	\$45.8	11%
New Zealand (The Langham, Auckland)	N\$2.7	N\$2.3	19.1%	\$17.5	4%
Total in HK\$ mn	\$421.0	\$431.8	-2.5%	\$421.0	100%



The Langham, London

- After a slow start in the first quarter of 2013, activities in London picked up in the second quarter of 2013.
- The growth was coming from an increase in both leisure and corporate travellers, which led a 4.7 percentage points increase in average occupancy achieved for the hotel.
- Average occupancy came to 76% in 1H 2013 (1H 2012: 71.3%), while average room rate was £267 in 1H 2013 (1H 2012 : £264).
- Revenue from food and beverage rose 10% from increased catering business.

	1H 2012	1H 2013	Change
Rooms Available	378	380	+ 2
RevPAR	£189	£203	7.8%
Room Rate	£264	£267	1.1%
Occupancy Rate	71.3%	76.0%	4.7 ppt





The Langham, Melbourne

- A string of sporting events and conferences have helped boost performance of the Langham Melbourne for the first half period.
- The hotel has secured some major group events and together with its continued focus on increasing its share of weekend retail leisure travellers.
- There was an increase in average occupancy from 78.9% in 1H 2012 to 85.6% in 1H 2013.
- The renovation comprising 81 rooms will enable the hotel to offer an up-to-date product to compete for market share.
- Revenue from F&B was flat year-on-year in 1H 2013.

	1H 2012	1H 2013	Change
Rooms Available	376	377	+ 1
RevPAR	\$207	\$234	13.0%
Room Rate	\$262	\$273	4.3%
Occupancy Rate	78.9%	85.6%	6.6 ppt





The Langham, Sydney

- The acquisition of the 96-key Observatory Hotel in downtown Sydney was completed and rebranded it as a Langham in August 2012.
- The hotel continues to build retail business and market share while gaining brand recognition in the market.
- It had an average occupancy of 82.9%, while average room rate was A\$281.
- The pickup in revenue from food and beverages was relatively slower given a lack of demand for catering business.

	1H 2012	1H 2013	Change
Rooms Available	n.a.	96	n.a.
RevPAR	n.a.	\$233	n.a.
Room Rate	n.a.	\$281	n.a.
Occupancy Rate	n.a.	82.9%	n.a.





The Langham, Auckland

- While demand from the corporate segment was weak, the hotel managed to keep up its occupancy by targeting the retail segment.
- The focus to shift to more retail travellers however, has resulted in a modest decline in average room rate achieved.
- Average occupancy was 72.5% in the first half of 2013, while the average room rate was marginally lower at NZ\$184 in the first half of 2013.
- Revenue from food and beverage rose 4% year-on-year in 1H 2013.

	1H 2012	1H 2013	Change
Rooms Available	411	411	-
RevPAR	\$129	\$133	3.3%
Room Rate	\$186	\$184	-1.1%
Occupancy Rate	69.4%	72.5%	3.1 ppt





The Langham, Hong Kong



	1H 2012	1H 2013	Change
Rooms Available	495	495	-
RevPAR	\$1,811	\$1,924	6.2%
Room Rate	\$2,221	\$2,254	1.5%
Occupancy Rate	81.6%	85.4%	3.8 ppt

- Langham Hong Kong enjoyed continued growth in individual leisure tourist arrivals from Mainland China and there was some rebound in arrivals from the U.S.
- Revenue from F&B rose 7% y-o-y in 1H 2013, the growth was mainly driven given growth in banquet business from wedding and corporate functions.



Langham Place Hotel Hong Kong



	1H 2012	1H 2013	Change
Rooms Available	654	652	- 2
RevPAR	\$1,587	\$1,619	2.0%
Room Rate	\$1,850	\$1,846	- 0.2%
Occupancy Rate	85.8%	87.7%	1.9 ppt

- Langham Place Hong Kong achieved a higher average occupancy in 1H 2013. The increase was primarily driven by rising corporate and leisure travellers from Mainland China and other Asian countries
- Revenue from food and beverage rose 1% compared with that achieved last year.



Eaton, Hong Kong

- The renovation on approximately one-fifth of the guest rooms at the Eaton Hotel from the second quarter of 2013 has negatively impacted performance of the hotel.
- Average occupancy came to 93.3% on an average of 440 rooms available for the first six months of 2013, as compared to 92.5% achieved on an average of 461 rooms available in the first six months of 2012.
- Revenue from food and beverages rose 7% over that of 2012 due to increased business at the restaurants, corporate meetings and events.

	1H 2012	1H 2013	Change
Rooms Available	461	440	- 21
RevPAR	\$1,055	\$1,082	2.5%
Room Rate	\$1,141	\$1,159	1.6%
Occupancy Rate	92.5%	93.3%	0.9 ppt





The Langham, Boston

- The hotel market in the U.S. continues to experience improving fundamentals as a result of the economic recovery that is currently underway.
- With increased business from the meetings and conference market, RevPAR for Langham Boston rose 5.5% year-on-year over the first half of 2013, driven by a 2.6 percentage points increase in occupancy and higher average room rate.
- Revenue from food and beverage rose 8% year-on-year, as the hotel benefited from increased financial roadshows, meetings and conferences.

	1H 2012	1H 2013	Change
Rooms Available	318	318	-
RevPAR	\$154	\$162	5.5%
Room Rate	\$239	\$243	1.5%
Occupancy Rate	64.3%	66.9%	2.6 ppt





The Langham, Huntington Hotel & Spa, Pasadena

- After a good start in the first quarter, there was evidence of a slowdown in the market during the second quarter of 2013.
- Although after a strategy to accommodate more higher-yield retail business, this has help lifted average room rate by 8.4% year-on-year, and average room rate came to US\$228 in the first half of 2013 (1H 2012: US\$210).
- Revenue from food and beverage dropped 5% year-on-year. The decline was led by fewer wedding events, as well as lower contribution from the restaurant, which underwent closure for approximately one month for refurbishment during the first half.

	1H 2012	1H 2013	Change
Rooms Available	380	380	-
RevPAR	\$157	\$164	4.8%
Room Rate	\$210	\$228	8.4%
Occupancy Rate	74.6%	72.1%	-2.5 ppt





Eaton Chelsea, Toronto (Rebranded from Delta Chelsea in July 2013)

- Over the first half of 2013, given there were signs of an improvement in Toronto's hotel market, the hotel managed to drive more higher yielding corporate travellers, as well as groups bookings, which served to displace lower yielding leisure travellers.
- The refurbishment of the Lobby, restaurants and function rooms in association with the rebranding to Eaton Chelsea in July 2013 will help the hotel to maintain its market share through the transition associated with the rebranding.

	1H 2012	1H 2013	Change
Rooms Available	1,590	1,590	-
RevPAR	\$81	\$85	4.6%
Room Rate	\$120	\$122	2.1%
Occupancy Rate	67.4%	69.1%	1.6 ppt





The Langham, Xintiandi (33.3% owned)

- The Langham Xintiandi continued to solidify its positioning as one of the most luxurious hotels in Shanghai and managed to deliver both occupancy and average room rate growth over the first half of 2013.
- Average room rate achieved for the hotel was ¥1,729 in the first half of 2013 (1H 2012: ¥1,597).
- Food and beverage revenue rose 14% year-on-year in the first half of 2013 due to improvement in both restaurants and catering business.

	1H 2012	1H 2013	Change
Rooms Available	347	356	+ 9
RevPAR	¥835	\$957	14.5%
Room Rate	¥1,597	\$1,729	8.3%
Occupancy Rate	52.3%	55.3%	3.0 ppt





Langham Hotels International

Managed hotel owned by third parties





Eaton Luxe, Nanqiao, Shanghai

With 204 rooms

Opened in April 2010



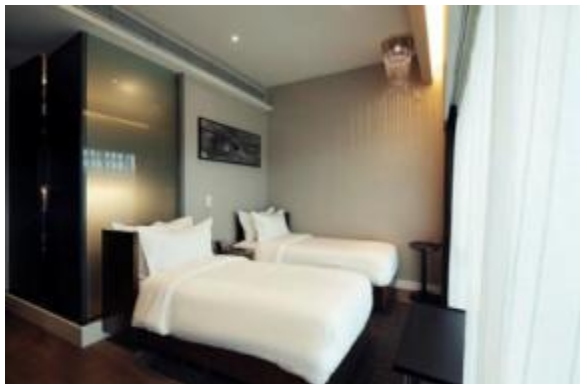


Langham Place, Beijing Capital Airport
With 372 guest rooms
Opened in August 2010





Eaton Smart, New Delhi International Hotel,
Indira Gandhi International Airport, New Delhi
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 Fifth Avenue, New York

217 rooms

Rebranded to Langham Place in May 2013





Owned Portfolio Expansion

The Langham, Xintiandi, Shanghai

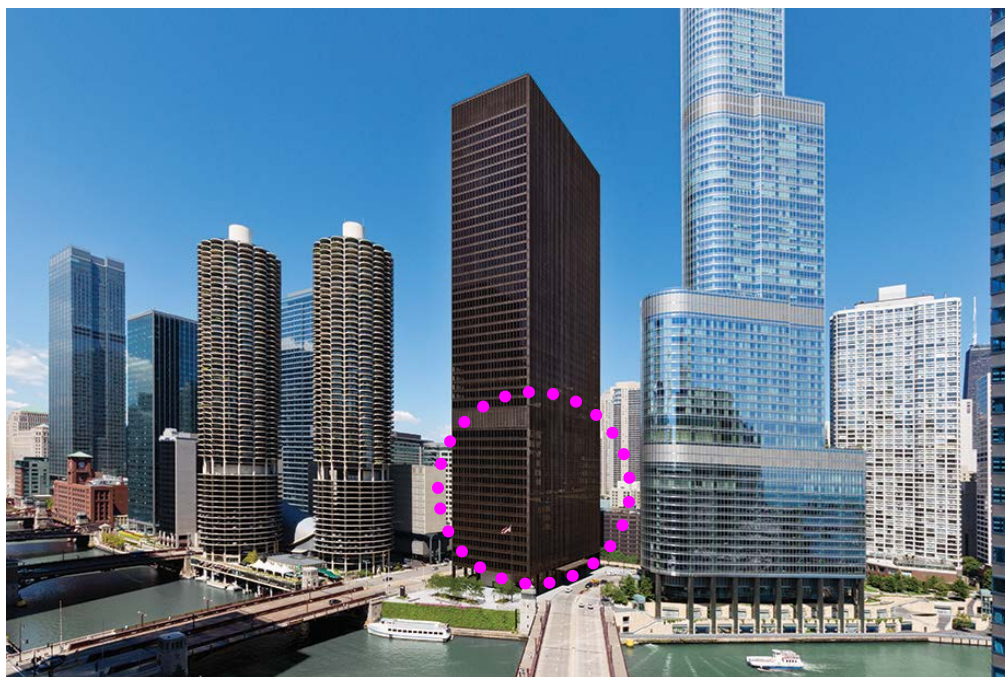
Interest:	33.3%
Location:	Xintiandi, Luwan District, Shanghai, PRC
G.F.A.	Approx. 52,000 sq.m.
Rooms	357 rooms
Status:	The hotel opened in October 2010





Owned Portfolio Expansion

The Langham, Chicago



Interest:	100%
Location:	Downtown Chicago
G.F.A.	Approx. 375,000 sq.ft.
Rooms	330 rooms
Expected opening	Soft opened in July 2013, grand opening in September 2013



Owned Portfolio Expansion

The Langham, Sydney



Interest:	100%
Location:	Situated in the heart of Sydney CBD, close by The Rocks with easy access to Sydney Harbour Bridge and Opera House
Rooms	96 rooms
Status	The acquisition was completed in August 2012



Owned Portfolio Expansion Langham Place, New York



The property:

The building was completed in September 2010. The Hotel with 214 rooms is located in the lower half of the 60-story building

Location:

On Fifth Avenue between 36th and 37th Streets

Status:

The Group has announced on January 15, 2013 that the closing will not take place as originally scheduled as some of the closing conditions have not yet been satisfied. Further announcement will be made as soon as a date for a rescheduled closing has been fixed.



Summary of managed hotels

2009	Rooms	Status
The Langham, Yangtze, Shanghai	96	Opened in May 2009
2010	Rooms	Status
Eaton Luxe, Nanqiao Shanghai	204	Opened in Apr 2010
Langham Place, Beijing Capital Airport	372	Opened in Aug 2010
The Langham, Xintiandi, Shanghai - 33.3% owned	357	Opened in Oct 2010
2011	Rooms	Status
Eaton Smart, New Delhi International Hotel	93	Opened in Jun 2011
88 Xintiandi, Shanghai	53	Opened in Sep 2011
2012	Rooms	Status
The Langham, Shenzhen	352	Opened Oct 2012
The Langham, Sydney - 100% owned	96	Rebranded Aug 2012
Eaton Luxe, Xinqiao, Shanghai	214	Opened Nov 2012



Hotel pipeline

2013	Rooms	Status
Langham Place Fifth Avenue, New York (under contract to be purchased by the Group)	214	Rebranded May 2013
Langham Place, EDZ, Guangzhou	320	Agreement
Eaton Luxe, Qingdao	500	Agreement
Langham Place, Pazhou Convention City, Guangzhou	500	Agreement
Langham Place, Ningbo	120	Agreement
The Langham, Chicago - 100% owned	320	Agreement
2014	Rooms	Status
The Langham Haikou, Hainan	240	Agreement
Eaton Luxe, Nirwana, Bali	178	Agreement
Eaton Luxe Shajing, Shenzhen	200	Agreement
2015	Rooms	Status
Langham Place, Xiamen	300	Agreement
Langham Place, Datong	300	Agreement
Langham Place, Qingdao	280	Agreement
2016	Rooms	Status
The Langham, Dalian - 50% owned	360	Agreement

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

Investment properties





2012 Final Results - Rental income breakdown

	Gross rental income			Net rental income		
	1H 2013	1H 2012	Growth (%)	1H 2013	1H 2012	Growth (%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	69.6	60.4	15.2	56.7	58.6	(3.2)
Eaton House	19.4	21.2	(8.4)	10.3	14.7	(29.7)
Convention Plaza Apartments	1.1	1.2	(8.8)	0.8	0.9	(9.0)
Building Management Fees income	11.2	10.9	2.3			
U.S. Investment Properties						
353 Sacramento	33.3	32.9	1.3	14.7	14.0	5.4
500 Ygnacio	11.3	11.8	(3.7)	4.7	4.1	13.8
2700 Ygnacio	9.6	10.5	(8.7)	5.1	5.6	(9.8)
Total	155.5	148.8	4.5	92.4	98.0	(5.7)



Great Eagle Centre

- The Wanchai office market displayed considerable resilience in the first half of 2013, given continued demand from Mainland Chinese companies and relocations of Central tenants seeking more affordable rents.
- As for Great Eagle Centre, majority of the leases executed in the first half of 2013 were at between HK\$60's to low HK\$70's per sq. ft. on lettable area.
- As a result, average passing rent at the Great Eagle Centre went from HK\$55.2 per sq. ft. as of June 2012 to HK\$61.8 per sq. ft. as of June 2013.
- The retail portion of Great Eagle Centre stayed at 100% leased throughout the first half period with a 4.6% year-on-year growth in average rent achieved as of June 2013. Overall, gross rental income for Great Eagle Centre increased 15.2% to HK\$69.6 million in the first half of 2013 (1H 2012: HK\$60.4 million). However, net rental income was impacted by booking of additional expenses.
- These expenses are for the relocation and upgrading of the cooling water pumping facilities and other maintenance capital expenditure that cannot be capitalized. As a result, net rental income dropped 3.2% to HK\$56.7 million in the first half of 2013% (1H 2012: HK\$58.6 million).



Eaton Serviced Apartments

On the back of slower demand for short term accommodations, coupled with interruptions from redevelopment works at the Wanchai Gap road property, these factors have added pressure on the occupancy of our serviced apartments in the first half. Overall occupancy for the three serviced apartments fell from 75.6% in the first half of 2012 to 65.9% in the first half of 2013. However, rents achieved for the portfolio for the half year period are still higher than that achieved a year ago.

Blue Pool Road, rentable area 37,236 Sq Ft

- Occupancy dropped 8.4ppt to 60%,
- Rental per occupied sq ft rose 2.5% yoy to HK\$44.6

Village Road, rentable area 23,350 Sq Ft

- Occupancy dropped 11ppt to 66.5%,
- Rental per occupied sq ft rose 3.3% yoy to HK\$41

Wanchai Gap Road, rentable area 28,251 Sq Ft (1H 2012: 33,207 Sq Ft)

- Occupancy dropped 9.1ppt to 70.8%,
- Rental per occupied sq ft rose 7.6% yoy to HK\$47.9



US Investment properties

As recovery in the office leasing market in California progresses, vacancy rates in the San Francisco area continued to decline over the first half of 2013. Spot rents at 353 Sacramento and 500 Ygnacio have risen to levels above their average passing rents. Although spot rents at 2700 Ygnacio as at the end of June 2013 were still below its average passing rent.

353 Sacramento, San Francisco

- Average passing rent reached US\$37.5 psf in June 2013, from US\$36.7 psf in June 2012.
- Occupancy rate stood at 92% as at the end of June 2013(as at the end of June 2012: 91%).

500 Ygnacio, California

- Average passing rent reached US\$33.5 psf in June 2013, from US\$37.4 psf in June 2012 December 2011.
- Occupancy rate increased to 96% as at the end of June 2013(as at the end of June 2012 : 95%).

2700 Ygnacio, California

- Average passing rent reached US\$25.9 psf in June 2013, from US\$27.7 psf in June 2012 December 2011.
- Occupancy rate stood at 94% as at the end of June 2013(as at the end of June 2012: 95%).



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 is limited downside on the income of Citibank Plaza for the rest of 2013 and a high likelihood of higher rental income at Langham Place. However, a better operating performance at the properties level in the second half will not necessarily result in higher distributions in the second half, as the REIT is faced with higher interest costs.

Outlook for LHI's properties:

At the hotel operating level, outlook for the three hotels in Hong Kong remains steady, as the hotels are witnessing encouraging booking pace, although forward booking window is short. The roll out of a new cruise terminal and expansion of Hong Kong Disneyland in the second half of 2013 should help to support leisure and business arrivals into the city.



Reconciliation to core earnings from reported

	1H 2013 HK\$ 000	1H 2012 HK\$ 000	
Net Profit	1,272,331	1,329,698	
Adjustment items:			
Less: reversal of consolidated results of Champion REIT (CREIT)	(912,719)	(656,772)	See Exclusions in calculation for core earnings
Less: reversal of consolidated results of Langham Hosp. Investments (LHI)	10,794	n.a.	See Exclusions in calculation for core earnings
Profit for the period before consolidating results of CREIT and LHI	370,406	672,926	
Fair value changes on investment properties	(96,504)	(228,556)	- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	243	(41,823)	- Ignored in core earnings calculation
1. Depreciation – Hotel Buildings and Amortization of prepaid lease payment	109,218	117,548	See depreciation in core earnings calculations
2. Depreciation of hotel building and fair value change on investment property of an associate	10,449		See results of associates in core earnings calculation
3. Attributable distributions from Champion REIT	331,700	299,387	See revenue and operating profit in core earnings calculation
4. Attributable distributions from Langham Hosp. Investments (LHI)	21,180	-	See revenue and operating profit in core earnings calculation
5. Related deferred tax provision relation to fair value change of Investment properties	33,515	28,240	See taxes in core earnings calculation
6. Inflation interest income under bifurated accounting treatment for convertible bond held	-	(12,717)	
CORE EARNINGS AFTER TAX	780,206	835,005	



Reconciliation to core earnings from reported

	Reported earnings 1H 2013 HK\$'000	Core earnings 1H 2013 HK\$'000	Core earnings 1H 2012 HK\$'000	
Gross Revenue				
Rental Income				
- HK	90,066	90,066	82,785	
- Overseas	54,201	54,201	55,112	
- Building mgt fee inc	11,199	11,199	10,944	
Hotel Income				
- HK hotels revenue from Jan 01- May 29	656,695	656,695	763,083	
- HK hotels revenue from May 30 - Jun 30	125,256			
- Overseas	1,210,016	1,210,016	1,114,922	- Core revenue ignores revenue after the spin off date
- Others	44,385	44,385	27,552	
Income from Champion REIT				
- Management fee income	140,985	140,985	133,964	
- Gross rental income	1,058,663			- Ignore, core profit base on distributions
- Distributions		331,700	299,387	- Add back distributions, item 3 of adjustments
Income from Langham Hosp. Investments*				
- Gross rental income	55,823			- Ignore, core profit base on distributions
- Distributions		21,180	-	- Add back distributions, item 4 of adjustments
Other Operations	174,044	174,044	165,819	
Elimination of intra-group transactions	(218,659)			- Ignore intra-group elimination associated with CREIT and LHI
Revenue	<u>3,402,675</u>	<u>2,734,471</u>	<u>2,653,568</u>	



Reconciliation to core earnings from reported

	Reported earnings 1H 2013 HK\$'000	Core earnings 1H 2013 HK\$'000	Core earnings 1H 2012 HK\$'000	
Net Operating Income				
Net Rental Income				
- HK	67,919	67,919	74,279	
- Overseas	24,503	24,503	23,731	
Hotel Income				
- HK hotels up to 29th May 2013	262,869	254,743	281,957	- Core profit is after intra-group elimination
- Net rental income from LHI from May 30	46,223			
- Overseas	166,224	166,224	149,854	base on distributions
- Others	21,919	21,919	10,361	
Income from Champion REIT				
- Management fee income	140,985	140,985	133,964	- Ignore net rental income, core profit base on distributions
- Net rental income	740,082			
- Distributions		331,700	299,387	- Add back distributions, item 3 of adjustments
Income from Langham Hosp. Investments*				
- Distributions		21,180	-	- Add back distributions, item 4 of adjustments
Other Operations	68,210	62,819	55,245	- Core profit for other operations is after impact of intra-group elimination
Operating profit	1,538,934	1,091,992	- 1,028,778	



Reconciliation to core earnings from reported

	Reported earnings 1H 2013 HK\$'000	Core earnings 1H 2013 HK\$'000	Core earnings 1H 2012 0 HK\$'000	
Operating profit before Dep. and Amortisation	1,538,934	1,091,992	1,028,778	
Depreciation and amortisation	(186,474)	(63,601)	(54,341)	- Exclude depreciation of CREIT and LHI, add back depreciation, relating to hotel land and buildings, item 1 of adjustments
Fair value changes on investment properties	794,670			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	307,993			- Ignored in core earnings calculation
Gain on conversion of convertible bonds of Chamion REIT	29,302			- Ignored in core earnings calculation
Other income (excluding interest income)	2,864	2,864	5,331	
Administrative expenses	(191,441)	(147,793)	(105,276)	- Exclude admin. expense relating to CREIT and LHI



Reconciliation to core earnings from reported

	Reported earnings 1H 2013 HK\$'000	Core earnings 1H 2013 HK\$'000	Core earnings 1H 2012 HK\$'000	
Net finance costs				
Finance cost	(264,946)	(60,838)	(50,816)	- Exclude interest expense relating to CREIT and LHI
Interest income (Classified as "Other income" on income statement)	27,126 (237,820)	16,469 (44,369)	89,930 39,114	- Exclude interest income relating to CREIT and LHI
Share of results of associates	632	11,081	11,597	- Add ajustement item 2
Share of results of a jointly controlled entity	(9,560)	(9,560)	(5,138)	
Profit before tax	2,049,100	840,614	920,065	
Income taxes	(127,175)	(59,773)	(84,805)	-Exclude taxes of CREIT and LHI, and add item 5 from adjustments
Net Profit	1,921,925	780,841	835,260	
Less: Non-controlling interest	649,595	635	255	- Exclude non-controlling interest relating to CREIT and LHI
Profit Attributable to Shareholders	1,272,330	780,206	835,005	
Basic earnings per share	\$ 2.00	\$ 1.22	\$ 1.32	