



Great Eagle Holdings

Investor Presentation Q1 2016



Highlights of 2015 Final Results

1. Apart from the projects that the Group had entered into in 2015, as the asset manager of the U.S. Real Estate Fund (U.S. Fund), we had acquired an office building of 336,355 sq. ft. in Seattle's central business district and a property in Malibu, Los Angeles in September 2015. Total acquisition costs for these two investments of US\$186.5 million were paid by the U.S. Fund.
2. As for the Group's core profit in 2015, core profit attributable to equity holders declined by 7.2% to HK\$1,780.1 million in 2015 (2014: HK\$1,919.2 million), which was impacted by non-operational factors including lower interest income, whilst the drop in the Group's core operating income, which reflected the performance of the Group's core business, was much more moderate and fell by only 1.7% to HK\$2,268.0 million in 2015 (2014: HK\$2,306.6 million).
3. A key factor contributing to the decline in core profit was lower interest income recorded in 2015, which fell by 48.7% to HK\$149.4 million (2014: HK\$291.3 million). The decline in interest income was a result of our cautious stance towards the Renminbi in 2015.
4. In fact, in addition to the planned conversion of the unearmarked Renminbi in July 2015 as reported in 2015's interim report, we had effectively converted almost all of the Group's remaining Renminbi balance back into Hong Kong dollars by the end of August 2015. However, such conversion had resulted in realised exchange losses of HK\$67.2 million, which were included under the "other expenses" item in 2015's core profit.
5. Interest expense rose 5.1% to HK\$174.8 million in 2015 (2014: HK\$166.3 million), as additional interest expense was incurred upon consolidation of the debt of The Langham, Xintiandi hotel. Share of losses of associates were HK\$3.4 million, which were mostly attributable to the operating losses incurred by an associate before we sold the investment.
6. Loss of a joint venture reduced to HK\$19.9 million in 2015 (2014: loss of HK\$36.4 million), as less marketing and administrative expenses were incurred for the project in Dalian. All-in-all, core profit after tax attributable to equity holders dropped by 7.2% to HK\$1,780.1 million in 2015 (2014: HK\$1,919.2 million).



2015 Final Results

		2015	2014	Change	
		HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue					
Rental Income	- HK	212,166	207,121	5,045	2.4%
	- U.S.	-	184,731	(184,731)	n.a.
	- Building mgt fee	24,264	25,108	(844)	-3.4%
Hotel Income	- Overseas	3,475,161	3,193,300	281,861	8.8%
	- Others	152,457	168,099	(15,642)	-9.3%
Income from Champion REIT*		1,007,550	1,027,377	(19,827)	-1.9%
Income from Langham Hosp. Investments*		275,665	305,981	(30,316)	-9.9%
Other Operations		475,351	482,767	(7,416)	-1.5%
		<u>5,622,614</u>	<u>5,594,484</u>	<u>28,130</u>	0.5%

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



2015 Final Results

	2015	2014	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Net Rental Income - HK	174,474	169,536	4,938	2.9%
- U.S.	-	93,301	(93,301)	n.a.
Hotel Income - Overseas	506,300	380,705	125,595	33.0%
- Others	87,146	133,965	(46,819)	-34.9%
Income from Champion REIT*				
- Asset management	214,035	216,045	(2,010)	-0.9%
- Dividend income	714,678	717,192	(2,514)	-0.4%
- Other mgt income	78,837	94,140	(15,303)	-16.3%
Income from Langham Hosp. Investments*				
- Dividend income	275,665	305,981	(30,316)	-9.9%
Other Operations	216,826	195,740	21,086	10.8%
Income before expenses	2,267,961	2,306,605	(38,644)	-1.7%
Other income	263,600	194,961	68,639	35.2%
Depreciation and amortisation	(164,962)	(143,357)	(21,605)	15.1%
Administrative expenses	(337,248)	(314,506)	(22,742)	7.2%
Other expenses	(71,251)	(93,229)	21,978	-23.6%

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



2015 Final Results

	2015	2014	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(174,826)	(166,307)	(8,519)	5.1%
Interest income	149,417	291,288	(141,871)	-48.7%
	(25,409)	124,981	(150,390)	-120.3%
Share of results of associates	(3,442)	9,513	(12,955)	-136.2%
Share of results of a joint venture	(19,925)	(36,374)	16,449	-45.2%
Profit before taxation	1,909,324	2,048,594	(139,270)	-6.8%
Income taxes	(123,671)	(126,946)	3,275	-2.6%
Net Profit	1,785,653	1,921,648	(135,995)	-7.1%
Less: Non-controlling interest	(5,573)	(2,485)	(3,088)	124.3%
Profit Attributable to Shareholders	1,780,080	1,919,163	(139,083)	-7.2%
Basic earnings per share	\$ 2.68	\$ 2.93		



2015 Final Results – Income from Champion breakdown

	2015	2014	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Asset management income	214,035	216,045	(2,010)	-0.9%
Dividend received	714,678	717,192	(2,514)	-0.3%
Agency commission income & Property management income	78,837	94,140	(15,303)	-16.3%
	<u>1,007,550</u>	<u>1,027,377</u>	<u>(19,827)</u>	<u>-1.9%</u>



Analysis on change on core income

	2015 \$'000
Change in profit from core business after tax	<u>(139,083)</u>
Arise from:	
Decrease in interest income	(141,871)
Decrease in net rental income	(88,363)
Decrease in distribution from LHI	(30,316)
Increase in administration expense	(22,742)
Decrease in distribution and management income from Champion REIT	(19,827)
Increase in finance cost	(8,519)
Increase in hotel EBITDA	78,776
Increase in other income (including a gain on disposal of an associate company)	68,639
Others	25,140
Change in profit from core business after tax	<u>(139,083)</u>



Discount to NAV

NAV based on statutory accounting principles (Dec 2015)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	5,834	8.8	11%
Hotels All valued at cost less depreciation	12,413	18.7	24%
Share of NAV of Dalian development project	534	0.8	1%
Pak Shek Kok Development project (on cost incurred)	2,489	3.7	5%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: -62.7% share of Champion's Net Assets	30,399	45.7	58%
Investment in U.S. Real Estate Fund - 49.6% share of Fund's NAV	1,614	2.4	3%
Investment in Langham Hospitality Investments (LHI): Net liabilities from three HK hotels (calculated as book cost of the hotels less debt drawn on listing date of HK\$6.8bn)	(1,394)	(2.1)	-3%
	30,619	46.1	58%
Other net (liabilities)/assets	618	0.9	1%
Total	52,506	78.99	100%
Net (debt)/cash or preceived cash equivalent	1,827	2.75	n/a
Great Eagle's NAV	54,333	81.74	
Discount to NAV based on share price of HK\$ 22.1		-73%	
Note: valuation on investment properties include owner-occupied portion			

NAV based on net assets of Champion REIT and LHI (Dec 2015)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	5,834	8.8	10%
Hotels All valued at cost less depreciation	12,413	18.7	20%
Share of NAV of Dalian development project	534	0.8	1%
Pak Shek Kok Development project (on cost incurred)	2,489	3.7	4%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: -62.7% share of Champion's Net Assets	30,399	45.7	50%
Investment in U.S. Real Estate Fund - 49.6% share of Fund's NAV	1,614	2.4	3%
-60.7% share of LHI's Net Assets	7,091	10.7	12%
	39,104	58.8	64%
Other net (liabilities)/assets	618	0.9	1%
Total	60,991	91.75	100%
Net (debt)/cash or preceived cash equivalent	1,827	2.75	n/a
Great Eagle's NAV	62,818	94.50	
Discount to NAV based on share price of HK\$ 22.1		-77%	



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	60,711	(17,672)	43,039	29.1%	41.1%	2,663	435	6.1
Overseas Assets	14,079	(2,785)	11,294	19.8%	24.7%	581	84	6.9
Group Total	74,790	(20,457) ^(d)	54,333	27.4%	37.7%	3,244	519	6.3

(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	51,262	3,503	54,765	n/a	n/a	1,567	(12)	n/a
Overseas Assets	9,251	(1,198)	8,053	12.9%	14.9%	560	37	15.1
Group Total	60,513	2,305 ^(d)	62,818	n/a	n/a	2,127	25	85.1

Notes:

- (a) Core financial positions is arrived at sharing the net assets of Champion REIT, LHI and the US Fund. 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 as investments in link notes, bonds and equities.



Valuation – Investment properties

Financials

As at the end of December 2015

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Change from end of June 2015
Great Eagle Centre			
Office	193,271	18,358	12.0%
Retail	55,944	9,367	0.2%
3rd floor	20,959	9,065	12.4%
Carparks (nos/unit price)	296	800,676	9.7%
Signage (gross value in HK\$m)		216	-8.1%
Eaton House			
Wanchai Gap Road	34,915	9,709	3.0%
Village Road	23,350	8,994	2.9%
Blue Pool Road	33,700	10,890	1.4%
Convention Plaza apartments	5,817	17,105	0.0%



Development projects

Dalian Mixed-use Development Project

- Sales velocity had picked up and by the end of December 2015, over 200 units had been sold at approximately RMB18,000 per square metre, with total sales proceeds approaching RMB500 million. However, given high construction costs incurred, this project will not likely generate much profit.

Tokyo Hotel Redevelopment Project

- The closing of this acquisition was originally scheduled for late December 2015, but the sellers have requested for an extension. The Group had agreed to extend the closing date to June 2016. Currently working on the design and layout of the hotel.

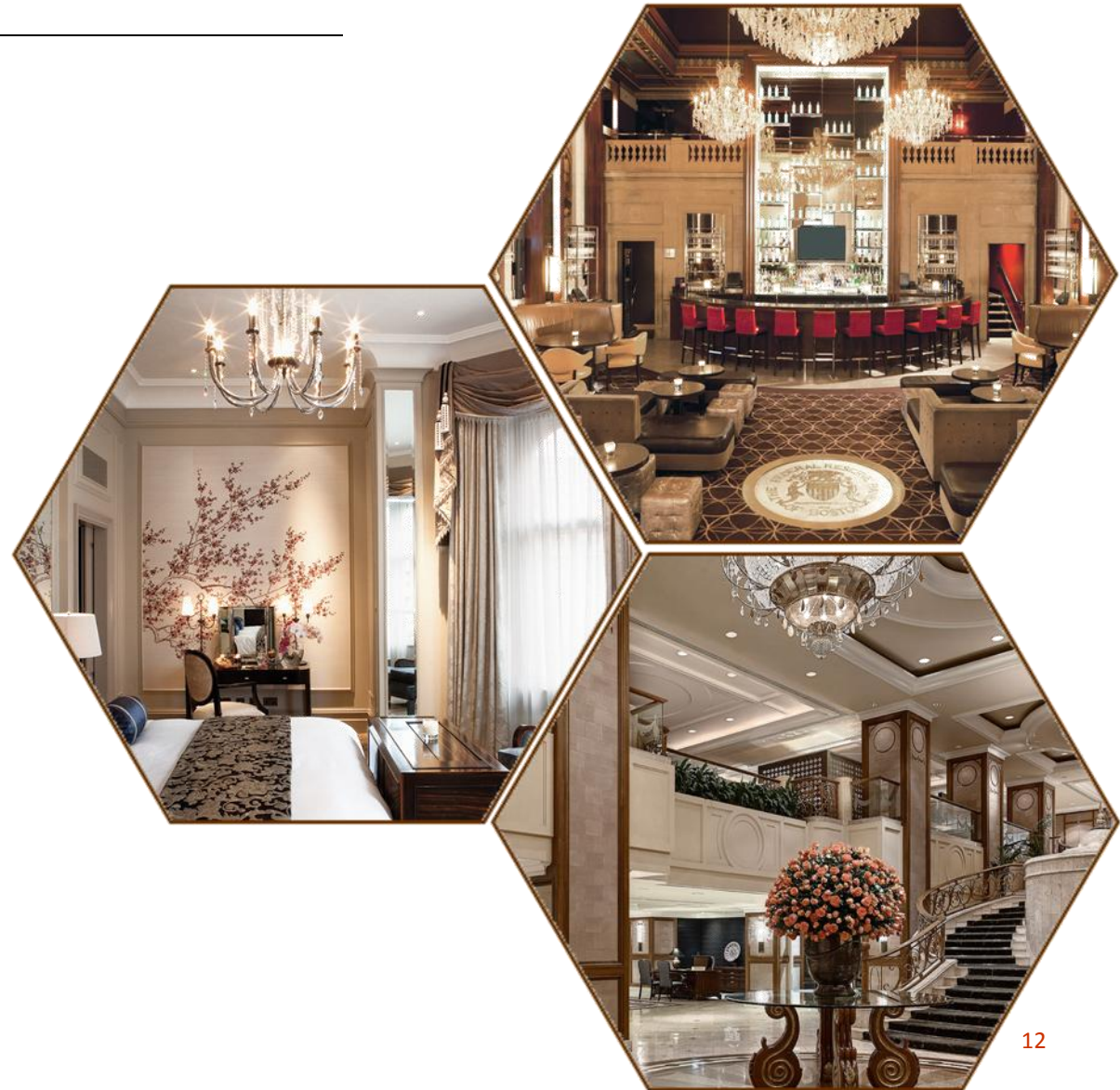
Pak Shek Kok Residential Development Project

- Foundation works have commenced on the site from the third quarter of 2015, and superstructure works are expected to start in the mid of 2017.

Two San Francisco Redevelopment Projects

- Although the acquisitions of the two San Francisco projects have already been completed, constructions will not commence until the development rights are granted by the town's planning department, which will likely take 12 to 30 months.

Langham Hotels International





Hotel portfolio – 2015 Operational Statistics

	Occupancy			Average Room Rate			RevPar		
	YTD-Dec 2015	YTD-Dec 2014	Change	YTD-Dec 2015	YTD-Dec 2014	Change	YTD-Dec 2015	YTD-Dec 2014	Change
<u>Owned by subsidiary LHI</u>									
<u>Hong Kong</u>									
The Langham, Hong Kong	84.7%	88.9%	-4.2%	\$2,198	\$2,295	-4.2%	\$1,862	\$2,040	-8.7%
Cordis, Hong Kong	89.7%	91.2%	-1.5%	\$1,734	\$1,871	-7.3%	\$1,555	\$1,706	-8.9%
Eaton Hotel, Hong Kong	89.5%	96.1%	-6.7%	\$1,093	\$1,213	-9.9%	\$978	\$1,166	-16.1%
<u>Wholly-owned Hotels</u>									
<u>Europe</u>									
The Langham, London	80.8%	81.1%	-0.3%	£294	£266	10.6%	£238	£216	10.2%
<u>North America</u>									
The Langham, Boston	84.0%	82.0%	2.0%	\$273	\$256	6.8%	\$229	\$210	9.4%
The Langham, Huntington Pasadena	73.7%	77.0%	-3.3%	\$263	\$251	4.6%	\$194	\$194	0.0%
The Langham, Chicago	69.9%	60.0%	9.9%	\$352	\$326	7.8%	\$246	\$196	25.5%
Langham Place, Fifth Avenue, New York	74.5%	74.5%	0.0%	\$549	\$538	2.0%	\$409	\$400	2.1%
Chelsea Hotel, Toronto	70.2%	71.4%	-1.2%	\$137	\$130	5.5%	\$96	\$93	3.7%
<u>Pacific</u>									
The Langham, Melbourne	86.5%	86.1%	0.4%	\$301	\$285	5.7%	\$261	\$246	6.2%
The Langham, Sydney	63.2%	82.3%	-19.1%	\$415	\$303	36.8%	\$262	\$250	5.0%
The Langham, Auckland	83.5%	82.6%	0.9%	\$190	\$173	9.7%	\$159	\$143	10.8%
<u>China</u>									
The Langham, Xintiandi, Shanghai	70.8%	69.3%	1.5%	¥ 1,758	¥ 1,669	5.3%	¥ 1,245	¥ 1,156	7.6%

Note that The Langham, Sydney was closed for renovation from July to December 2014, while The Langham Xintiandi became wholly owned on 11 December 2014, operating statistic of The Langham Xintiandi for 2014 covered operation from 1 January to 31 December 2014



Hotel portfolio – 2015 Room and F&B revenue growth (in LC)

	Room revenue growth YTD- Dec 2015	F&B revenue growth YTD- Dec 2015
The Langham, London	3%	8%
The Langham, Boston	9%	10%
The Langham, Chicago	26%	17%
The Langham Place, Fifth Avenue	2%	-10%
The Langham, Huntington Pasadena	0%	7%
Chelsea Hotel, Toronto	4%	8%
The Langham, Melbourne	6%	-7%
The Langham, Auckland	11%	4%
The Langham, Sydney	59%	74%
The Langham, Xintiandi	8%	10%

Note that The Langham, Sydney was closed for renovation from July to December 2014, while The Langham Xintiandi became wholly owned on 11 December 2014, room and F&B revenue of The Langham Xintiandi for 2014 covered period from 1 January to 31 December 2014.



Hotel portfolio – Profit contribution

	in Local Currency			in HK\$	
	2015 in mn	2014 in mn	Change	2015 in mn	Contribution to hotel profits
<u>Owned Hotels</u>					
China					
Shanghai (Langham Xintiandi from 11 Dec to 31 Dec, 2014)	RMB 81.9	RMB 0.7	n.m.	\$101.1	20%
Europe					
UK (The Langham, London)	£10.1	£9.8	3.0%	\$119.6	24%
North America					
U.S. (The Langham in Boston, Chicago and Pasadena, Langham Place Fifth Avenue and a hotel in Washington D.C.)	US\$14.30	US\$9.62	48.7%	\$110.7	22%
Canada (Eaton Chelsea)	C\$10.4	C\$8.1	28.5%	\$63.3	13%
Australasia					
Australia (The Langham, Melbourne and Sydney)	A\$10.8	A\$11.2	-3.2%	\$63.1	12%
New Zealand (The Langham, Auckland)	N\$8.9	N\$7.0	27.7%	\$48.5	10%
<u>Total in HK\$ mn</u>	\$506.3	\$380.7	33.0%	\$506.3	100%



Hotel portfolio – Currency impact

	<u>Dec-15</u>	<u>Dec-14</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	11.8528	12.7777	-7.2%	(9.3)
CAD	6.0724	7.0251	-13.6%	(9.9)
AUD	5.8037	6.9981	-17.1%	(12.9)
USD	7.7527	7.7546	0.0%	(0.0)
NZD	5.4211	6.4397	-15.8%	(9.1)
RMB	1.2338	1.2589	-2.0%	(2.1)
Total				- HK\$ 43.4 mn



The Langham, Hong Kong



	2014	2015	Change
Rooms Available	465	457	- 8
RevPAR	\$2,040	\$1,862	-8.7%
Room Rate	\$2,295	\$2,198	-4.2%
Occupancy Rate	88.9%	84.7%	-4.2 ppt

- The Langham, Hong Kong managed to increase its share of arrivals from the Mainland China slightly in 2015
- However, arrivals fell for almost all of the other key markets, including Australia, Europe and other Asian countries.
- Revenue from F&B rose by 2% year-on-year in 2015.



Cordis, Hong Kong (Rebranded from Langham Place in August 2015)

- Cordis, Hong Kong accommodated more arrivals from the Mainland China.
- While arrivals from most of the other key markets had dropped in 2015.
- As for the renovation for its rooms, they have all been completed by the end of November 2015.
- Revenue from food and beverage dropped by 2% year-on-year in 2015.

	2014	2015	Change
Rooms Available	650	620	- 30
RevPAR	\$1,706	\$1,555	-8.9%
Room Rate	\$1,871	\$1,734	-7.3%
Occupancy Rate	91.2%	89.7%	-1.5 ppt





Eaton, Hong Kong

- The Eaton, Hong Kong witnessed a 34.7% drop in arrivals from the Mainland China market in 2015.
- Even though Eaton's lowered room rates have attracted more budget travellers from other key markets like Australia, U.S., U.K. and other Asian countries.
- However, such increase was unable to offset the large decline in arrivals from the Mainland China.
- Revenue from food and beverage dropped by 2% year-on-year in 2015.

	2014	2015	Change
Rooms Available	465	465	-
RevPAR	\$1,166	\$978	-16.1%
Room Rate	\$1,213	\$1,093	-9.9%
Occupancy Rate	96.1%	89.5%	-6.6 ppt





The Langham, London

- the completion of the hotel's Sterling suite and club lounge in July 2015, as well as major event held in city helped The Langham, London to drive average rate growth during the second half of 2015.
- Therefore, even with ongoing renovation had reduced the number of available rooms in 2015, there was still a growth in the room revenue in 2015.
- Revenue from food and beverage rose by 8% year-on-year in 2015.
- Renovations on another 109 rooms had begun in November 2015, and are expected to complete in the second quarter of 2016.

	2014	2015	Change
Rooms Available	366	341	- 25
RevPAR	£216	£238	10.2%
Room Rate	£266	£294	10.5%
Occupancy Rate	81.1%	80.8%	0.3 ppt





The Langham, Melbourne

- The Langham, Melbourne secured more high yielding retail and group travellers in 2015, when there was an increase in demand for hotel rooms with several high profile events being hosted in the city.
- The hotel was allowed to improve its room rates achieved in 2015, while still maintaining its occupancy during the period.
- However, revenue from F&B fell slightly in 2015 given softer business at the Melba restaurant.

	2014	2015	Change
Rooms Available	388	388	-
RevPAR	\$246	\$261	6.1%
Room Rate	\$285	\$301	5.6%
Occupancy Rate	86.1%	86.5%	-0.4 ppt





The Langham, Sydney



	2014	2015	Change
Rooms Available	58	88	- 30
RevPAR	\$250	\$262	4.8%
Room Rate	\$303	\$415	37.0%
Occupancy Rate	82.3%	63.2%	19.1 ppt

- The performance was impacted during the first quarter of 2015 as some of the hotel's key facilities were not available until the later part of the first quarter of 2015.
- Although there was an improvement in business from the second quarter onward, the occupancy of the hotel was still low for the year as whole. Revenue from F&B also gained momentum later on during 2015.
- Some of the rooms underwent further improvement works in December 2015, which is expected to complete by the end of the first quarter of 2016.



The Langham, Auckland

- With major events being hosted in the city during 2015, The Langham, Auckland managed to change its guest mix towards higher yielding retail travellers, which help lifted its room rates by 9.8% in 2015.
- A decent demand for rooms from the corporate and group segments also help boosted occupancy for the hotel in 2015. Revenue from F&B rose by 4% in 2015.
- Most of the restaurants delivered revenue growths. There was also an improvement in revenue at the Crystal function room from the second quarter onward, after it has been closed for refurbishment during the first quarter of 2015.

	2014	2015	Change
Rooms Available	409	409	-
RevPAR	\$143	\$159	11.2%
Room Rate	\$173	\$190	9.8%
Occupancy Rate	82.6%	83.5%	-0.9 ppt





Langham Place Fifth Avenue, New York



	2014	2015	Change
Rooms Available	214	214	-
RevPAR	\$400	\$409	2.3%
Room Rate	\$538	\$549	2.0%
Occupancy Rate	74.5%	74.5%	0.0 ppt

- The hotel managed to stabilise its occupancy for the year, after witnessing a drop in occupancy during the first half year period.
- Revenue from F&B declined by 10% in 2015. The decline was due to the temporary closure of the banquet facilities.
- Renovations on the rooms and some of the hotel facilities were already commenced and are expected to complete by the end of the second quarter of 2016.



The Langham, Chicago

- Given a relatively low base for comparison in 2014, there was an improvement across the board from both retail and corporate travellers in 2015.
- Compared with a loss incurred in 2014, the hotel turned a profit in 2015.
- Revenue from F&B rose by 17% in 2015. The increase was also across the board generating from improvement in catering and restaurant business.

	2014	2015	Change
Rooms Available	315	316	+ 1
RevPAR	\$196	\$246	25.5%
Room Rate	\$326	\$352	8.0%
Occupancy Rate	60.0%	69.9%	9.9 ppt





The Langham, Boston

- With an increase in the number of conventions held in the city in 2015, this had enabled The Langham, Boston to raise its room rates by 7% while still achieving occupancy growth in 2015.
- In addition to the growth in room revenue, revenue from F&B also increased by 10% in 2015.
- Which was attributable to an increase in catering business, as more corporate meetings and conference activities were held, and most of the restaurants also witnessed growth in business in 2015.

	2014	2015	Change
Rooms Available	318	318	-
RevPAR	\$210	\$229	9.0%
Room Rate	\$256	\$273	7.0%
Occupancy Rate	82.0%	84.0%	-2.0 ppt





The Langham, Huntington Hotel & Spa, Pasadena

- While there was a drop in corporate group business for The Langham Huntington, Pasadena, the hotel targeted more retail travellers to make up for the shortfall in group business.
- However, occupancy for the hotel still dropped in 2015.
- Revenue from F&B rose by 7% in 2015, which was driven by the improved catering business, as well as the improved catering business given more corporate meetings and events were held.

	2014	2015	Change
Rooms Available	380	380	-
RevPAR	\$194	\$194	0.0%
Room Rate	\$251	\$263	4.8%
Occupancy Rate	77.0%	73.7%	3.3 ppt





Chelsea, Toronto (Rebranded from Eaton Chelsea in January 2015)

- The performance of the hotel had gradually improved over the second half of 2015, after the completion of the renovation in June 2015.
- The hotel also hosted the Pan-am Games held in the city during summer, which helped the hotel to command higher room rates.
- Revenue from F&B rose by 8% in 2015, which was attributable to improved catering business, as well as the growth in business at a majority of the restaurants.

	2014	2015	Change
Rooms Available	1,590	1,590	-
RevPAR	\$93	\$96	3.2%
Room Rate	\$130	\$137	5.4%
Occupancy Rate	71.4%	70.2%	-1.2 ppt



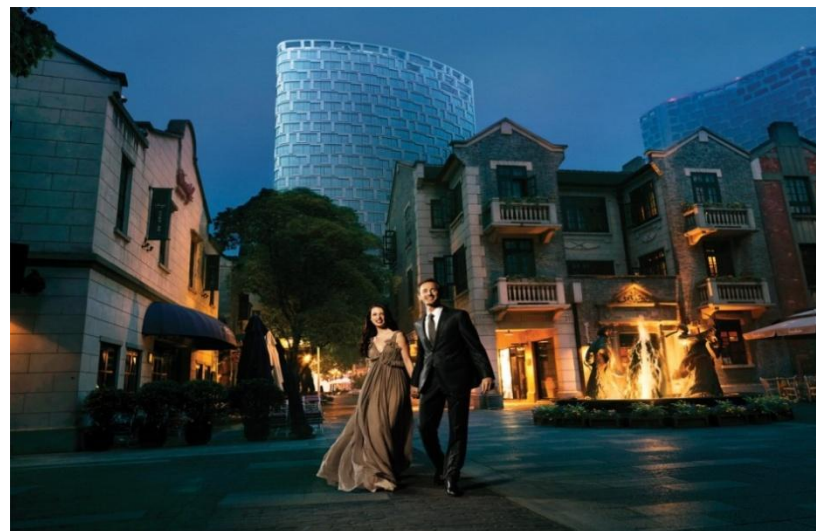


The Langham, Xintiandi

(wholly owned from 11 December 2014)

- There was improved demand from both corporate group and retail travellers in 2015.
- Therefore, The Langham, Xintiandi, managed to raise its average room rates in 2015, given occupancy also rose in the same period.
- Revenue from F&B rose by 10% in 2015, which was driven by banqueting and catering business, as more corporate meetings and conferences were held.

	2014	2015	Change
Rooms Available	356	357	+1
RevPAR	¥1,156	¥1,245	7.6%
Room Rate	¥1,669	¥1,758	5.3%
Occupancy Rate	69.3%	70.8%	1.5 ppt





Langham Hotels International

Managed hotel owned by third parties

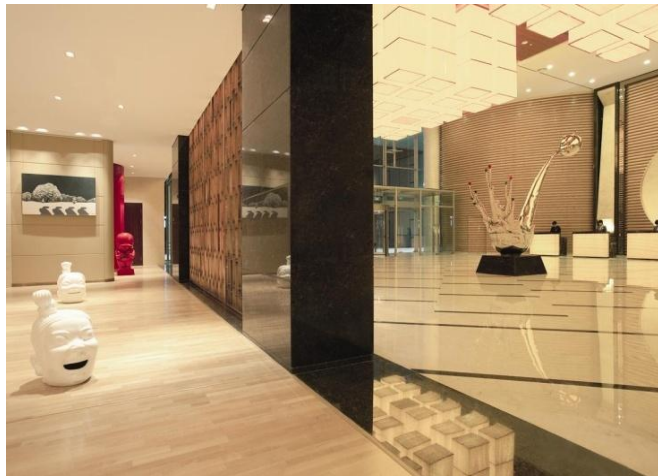




Langham Place, Beijing Capital Airport
With 372 rooms
Opened in August 2010



Langham Place, Haining
Zhejiang, China
With 263 rooms
Opened in July 2015



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





Langham Place,
Ningbo Culture Plaza
With 143 rooms
Opened in 2014



Langham Place, Xiamen
Xiamen, China
With 327 rooms
Opened in 2014



Langham Place, Guangzhou
Guangzhou, China
With 500 rooms
Opened in 2013





Hotel pipeline

2016	Rooms	Status
The Langham Haikou	249	Agreement
Cordis Qingdao	538	Agreement
2017	Rooms	Status
Langham Place, Changsha	300	Agreement
Cordis Shanghai East Bund	155	Agreement
The Langham Chongqing	144	Agreement
The Langham Hefei	338	Agreement
2018	Rooms	Status
Langham Place Bali	120	Agreement
Langham Place Dubai	167	Agreement
Langham Place Lusail Doha	236	Agreement
The Langham Jakarta	210	Agreement
Langham Place Wade Park	233	Agreement
The Langham Santa Fe	105	Agreement
2019	Rooms	Status
Langham Place Dalian	361	Agreement
The Langham Dara Sakor Cambodia	200	Agreement

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

Investment properties





2015 Final Results - Rental income breakdown

	Gross rental income			Net rental income		
	2015	2014	Growth (%)	2015	2014	Growth (%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	143.4	140.5	2.1	133.0	128.8	3.3
Eaton House	47.2	49.2	(4.1)	28.6	31.7	(9.8)
Others (Building mgt income, rental income at 2700 Ygnacio and convention plaza)	45.8	42.6	7.5	12.8	9.1	43.3
U.S. Investment Properties	-	184.7	<i>n.a.</i>	-	93.3	<i>n.a.</i>
Total	236.4	417.0	(43.3)	174.5	262.8	(33.6)

Note that the gross rental income and net rental income of the 2700 Ygnacio in the U.S. were included under the "Others" item



Great Eagle Centre

- There was a pickup in office leasing activities at Great Eagle Centre that led to improved occupancy for the building in the second half of 2015, which rose to 98.2% as at the end of 2015 (end of December 2014: 98.9%), as compared with 97.5% as of June 2015.
- As spot rents at Great Eagle Centre were already at a high level and stood at only a small discount to office rents in Central, therefore even when there is little vacancy in the building, it was difficult to command much higher rents on the new leases.
- As a result, there was only a small growth in average passing rent for the leased office space at Great Eagle Centre, which was raised from HK\$63.8 per sq. ft. as of December 2014 to HK\$64.8 per sq. ft. as of December 2015.
- Including rental income from the retail space, total gross rental income for Great Eagle Centre increased by 2.1% to HK\$143.4 million in 2015, while net rental income increased by 3.3% to HK\$133 million on lowered expenses incurred.



Eaton Serviced Apartments

- As improved rental income at the Blue Pool Road and Wanchai Gap Road properties was not enough to offset a decline in rental income at the Village Road property, the gross rental income from the three serviced apartments declined by 4.1% in 2015.
- The drop in rental income at the Village Road property was led by a decline in occupancy, as some of the rooms have undergone renovation from August to November 2015, whereas scaffolding works also negatively impacted occupancy during the other months of 2015.
- As for the Wanchai Gap Road property, the conversion on the remaining 27 rooms to operate as guesthouse rooms were completed and the guesthouse license was secured in September 2015. All 71 rooms at the Wanchai Gap property can now be sold on a daily basis, which should help to drive rental rate going forward.
- Average passing rent for the three serviced apartments dropped by 0.6% to HK\$48.2 per sq. ft. on gross floor area in 2015, as compared with HK\$48.5 per sq. ft. in 2014. Gross rental income dropped by 4.1% to HK\$47.2 million in 2015, but as more operating expenses have been incurred for the guesthouse operations at the Wanchai Gap Road property, net rental income dropped by 9.7% to HK\$28.6 million in 2015.



US Real Estate Fund

Followings are updates of the Fund's projects:

The site located at 1545 Pine Street, San Francisco was acquired for US\$21 million in January 2015. Site preparation work has started with excavation slated for the first quarter of 2016. Marketing on the sale of this condo project will begin in due course with a launch of sales planned before the end of 2016.

The acquisition of the residential property in Malibu was completed in September 2015 for US\$62 million. The strategy is to reposition its 68 rental apartment units into high-end for-sale condominiums. Repositioning, renovations and marketing is planned to commence in mid-2016 after all units have been taken into vacant possessions.

The office building in Seattle with a rental floor area of 336,355 sq. ft. was acquired for US\$124.4 million in November 2015. The plan is to improve the building and to solicit more technology tenants that pays higher rents.

In 2015, the Group booked HK\$44.0 million (2014: HK\$4.5 million) for our share of asset and property fee income from the U.S. Fund, which was included under "Other Operations" in the Group's operating income.



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:

For Champion REIT, it has successfully stabilized the occupancy of Citibank Plaza for the coming several years. Top-line property income should start rising in 2016 and barring unforeseen circumstances, a resumption of growth in the REIT's distributable income is expected in 2016.

Outlook for LHI:

As for the performance of the three Hong Kong hotels owned by LHIL Trust (stock code: 1270), RevPAR in 2016 will continued to be impacted by a strong Hong Kong dollar and other political factors, which could affect corporate travel spending and leisure tourists' enthusiasm to travel.



Reconciliation to core earnings from reported

	Reported earnings 2015 HK\$'000	Core earnings 2015 HK\$'000	Core earnings 2014 HK\$'000	
Gross Revenue				
Rental Income				
- HK	212,166	212,166	207,121	
- Income from U.S. Real Estate Fund	246,500	-	184,731	- Core revenue ignore revenue of US properties after they have been transferred to the fund
- Building mgt fee inc	24,264	24,264	25,108	
Hotel Income				
- HK hotels revenue from Jan 01- Dec 31	1,531,454			- Core revenue ignores revenue after the spin off
- Overseas	3,475,161	3,475,161	3,193,300	
- Others, including Hotel mgt fee	152,457	152,457	168,099	
Income from Champion REIT				
- Management fee income	292,872	292,872	310,185	- Ignore, core profit base on distributions
- Gross rental income	2,289,304			- Add back distributions
- Distributions		714,678	717,192	
Income from Langham Hosp. Investments				
- Gross rental income	682,194			- Ignore, core profit base on distributions
- Distributions		275,665	305,981	- Add back distributions
Other Operations	475,351	475,351	482,767	
Elimination of intra-group transactions	(1,110,821)			- Ignore inter-group eliminations associated with CREIT, LHI and US fund
Revenue	<u>8,270,902</u>	<u>5,622,614</u>	<u>5,594,484</u>	



Reconciliation to core earnings from reported

	Reported earnings 2015 HK\$'000	Core earnings 2015 HK\$'000	Core earnings 2014 HK\$'000	
Net Operating Income				
Net Rental Income				
- HK	174,474	174,474	169,536	
- Overseas	108,531	-	93,301	- Core profit ignore net rental income of US properties after they have been transferred to the fund
- Inter-group adjustments under statutory accounts	3,543			
Hotel Income				
- Overseas	506,300	506,300	380,705	
- Others	87,146	87,146	133,965	
- Net rental income from LHI	563,373			- Ignore Net rental income of LHI, core profit base on distributions
- Inter-group adjustments under statutory accounts	5,566			- Core profit is after intergroup transactions
Income from Champion REIT				
- Management fee income	292,872	292,872	310,185	
- Net rental income	1,569,588			- Ignore net rental income, core profit base on distributions
- Distributions		714,678	717,192	- Add back distributions
- Inter-group adjustments under statutory accounts	(16,742)			
Income from Langham Hosp. Investments				
- Distributions		275,665	305,981	- Add back distributions
Other Operations				
	216,826	216,826	195,740	
- Inter-group adjustments under statutory accounts	(50,221)			- Core profit for other operations is after intergroup transactions
Operating profit	3,461,256	2,267,961	2,306,605	



Reconciliation to core earnings from reported

	Reported earnings 2015 HK\$'000	Core earnings 2015 HK\$'000	Core earnings 2014 HK\$'000	
Operating profit before Dep. and Amortisation	3,461,256	2,267,961	2,306,605	
Depreciation and amortisation	(606,464)	(164,962)	(143,357)	- Exclude depreciation of CREIT, LHI & US Fund, add back depreciation relating to hotel land and buildings
i) Fair value changes on investment properties	3,011,940			- Ignored in core earnings calculation
ii) Fair value changes on derivative financial instruments	1,767			- Ignored in core earnings calculation
iii) Fair value changes of financial assets designated at FVTPL	(45,041)			- Ignored in core earnings calculation
iv) Impairment on available-for-sale investments	(45,824)			- Ignored in core earnings calculation
v) Reversal of impairment on a hotel property	284,370			- Ignored in core earnings calculation
Other income (excluding interest income)	266,286	263,600	194,961	-Exclude other income of CREIT, LHI & US fund
Administrative expenses	(373,064)	(337,248)	(314,506)	- Exclude admin. expense relating to CREIT, LHI & US fund
Other expenses	(139,752)	(71,251)	(93,229)	- Exclude other expense of CREIT, LHI & US fund



Reconciliation to core earnings from reported

	Reported earnings 2015 HK\$'000	Core earnings 2015 HK\$'000	Core earnings 2014 HK\$'000	
Net finance costs				
Finance cost	(686,545)	(174,826)	(166,307)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	167,663 (518,882)	149,417 (25,409)	291,288 124,981	- Exclude interest income of CREIT, LHI and US fund
Share of results of associates	(3,442)	(3,442)	9,513	
Share of results of a joint venture	(19,925)	(19,925)	(36,374)	
Profit before tax	5,273,225	1,909,324	2,048,594	
Income taxes	(539,172)	(123,671)	(126,946)	-Exclude taxes of CREIT, LHI and US fund,
Net Profit	4,734,053	1,785,653	1,921,648	and taxes related to fair value change on IP
Less: Non-controlling interest	1,421,718	5,573	2,485	- Exclude non-controlling interest of CREIT, LHI and US fund
Profit Attributable to Shareholders	3,312,335	1,780,080	1,919,163	
Basic earnings per share	\$ 4.98	\$ 2.68	\$ 2.93	