



Great Eagle Holdings

Investor Presentation 3Q15



Highlights of 1H 2015 Results

1. The Group has continued to make positive progress with its strategy to expand its asset base and thus far into 2015, the Group has acquired two development projects in San Francisco, U.S. for a total of US\$68.0 million, and has entered into an agreement to acquire a hotel redevelopment site in Tokyo, Japan for JPY22.2 billion.
2. We are currently working on the design and layout for all of these projects, and construction works for each project are expected to take three to four years to complete, and therefore soft openings of the hotels are slated for 2018/2019 onwards.
3. As for the U.S. Fund, our joint venture partner has stepped up its investment in the Fund and has contributed a total of US\$200 million as of the end of June 2015, which was US\$50 million more than its initial capital commitment.
4. As for the first half of 2015, revenue based on the core business of the Group reached HK\$2,685 million, which was 0.4% lower than that of the corresponding period last year (1H 2014: HK\$2,696 million). While majority of the Group's businesses witnessed a decline in revenue, such decline has been partially offset by a higher revenue of the Hotels Division.
5. Operating income from other major profit contributing divisions have also decreased, overall operating income from the core business dropped by 9.6% year-on-year to HK\$995.7 million (1H 2014: HK\$1,101 million) during the first half of 2015.
6. Interest income fell by 19.7% year-on-year to HK\$137.8 million (1H 2014: HK\$171.4 million) in the first half period. It should be noted that in view of the uncertain outlook of the Renminbi currency, the Group has converted all of its unearmarked Renminbi balance back into Hong Kong dollars by the end of July, 2015, which was before the devaluation of the Renminbi.
7. Interest expense also rose to HK\$93.1 million (1H 2014: HK\$81.5 million) in the first half of 2015 upon consolidation of the debt of The Langham, Xintiandi hotel.
8. All-in-all, core profit after tax dropped by 13.1% year-on-year to HK\$839.7 million in the first half of 2015 (1H 2014: HK\$966.7 million), and profit attributable to equity holders dropped 13.2% year-on-year to HK\$838.1 million in the first half of 2015 (1H 2014: HK\$965.5 million).



1H 2015 Results

	1H 2015	1H 2014	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue				
Rental Income				
- HK	96,173	95,588	585	0.6%
- Overseas	8,038	109,128	(101,090)	-92.6%
- Building mgt fee inc	11,955	12,416	(461)	-3.7%
Hotel Income				
- Overseas	1,632,822	1,512,258	120,564	8.0%
- Others	69,385	83,647	(14,262)	-17.1%
Income from Champion REIT*	480,188	521,005	(40,817)	-7.8%
Income from Langham Hosp. Investments*	127,336	148,360	(21,024)	-14.2%
Other Operations	259,510	213,188	46,322	21.7%
	2,685,407	2,695,587	(10,180)	-0.4%

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



1H 2015 Results

	1H 2015	1H 2014	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Net Rental Income - HK	77,717	76,813	904	1.2%
- Overseas	7,830	57,502	(49,672)	-86.4%
Hotel Income				
- Overseas	169,255	139,799	29,456	21.1%
- Others	28,685	63,078	(34,393)	-54.5%
Income from Champion REIT*				
- Asset management	105,361	110,486	(5,125)	-4.6%
- Dividend income	339,940	363,188	(23,248)	-6.4%
- Agency commission	34,887	47,331	(12,444)	-26.3%
Income from Langham Hosp. Investments*				
- Dividend income	127,336	148,360	(21,024)	-14.2%
Other Operations	104,732	94,899	9,833	10.4%
Income before expenses	995,743	1,101,456	(105,713)	-9.6%
Other income	83,562	47,323	36,239	76.6%
Other expense	(4,140)			
Depreciation and amortisation	(73,705)	(71,109)	(2,596)	3.7%
Administrative and other expenses	(159,386)	(145,520)	(13,866)	9.5%

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



1H 2015 Results

	<u>1H 2015</u>	<u>1H 2014</u>	<u>Change</u>	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(93,149)	(81,495)	(11,654)	14.3%
Interest income	137,709	171,412	(33,703)	-19.7%
	44,560	89,917	(45,357)	-50.4%
Share of results of associates	(3,731)	10,427	(14,158)	-135.8%
Share of results of a jointly controlled entity	(8,892)	(19,039)	10,147	
Profit before taxation	874,011	1,013,455	(135,304)	-13.8%
Income taxes	(34,353)	(46,772)	12,419	-26.6%
Net Profit	839,658	966,683	(122,885)	-13.1%
Less: Non-controlling interest	1,558	1,228	330	
Profit Attributable to Shareholders	838,100	965,455	(127,355)	-13.2%
Basic earnings per share	\$ 1.26	\$ 1.47		



1H 2015 Results – Income from Champion breakdown

	<u>1H 2015</u>	<u>1H 2014</u>	<u>Change</u>	
	HK\$'000	HK\$'000	HK\$'000	%
Dividend received	339,940	363,188	(23,248)	-6.4%
Asset management income	105,361	110,486	(5,125)	-4.6%
Agency commission income & Property management income	34,887	47,331	(12,444)	-26.3%
	<u>480,188</u>	<u>521,005</u>	<u>(40,817)</u>	<u>-7.8%</u>



Analysis on change on core income

	1H 2015 \$'000
Change in profit from core business after tax	<u>(127,355)</u>
Arise from:	
Decrease in net rental income	(48,768)
Decrease in net interest income	(45,357)
Decrease in dividend and management income from Champion REIT	(40,817)
Decrease in dividend income from LHI	(21,024)
Decrease in share of results of associates	(14,158)
Increase in administration expense	(13,866)
Decrease in losses of a Joint Venture	10,147
Decrease in taxes	12,419
Others	34,069
Change in profit from core business after tax	<u><u>(127,355)</u></u>



Discount to NAV

NAV based on statutory accounting principles (June 2015)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	5,408	8.1	11%
Hotels All valued at cost less depreciation	12,764	19.2	25%
Dalian development project (on cost incurred)	570	0.9	1%
Pak Shek Kok Development project (on cost incurred)	2,445	3.7	5%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: -61.8% share of Champion's Net Assets	29,230	44.0	58%
Investment in U.S. Real Estate Fund - 49.6% share of Fund's NAV	1,736	2.6	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)	(1,446)	(2.2)	-3%
	29,520	44.4	58%
Other net liabilities	70	0.1	0%
Total	50,777	76.39	100%
Net (debt)/cash or preceived cash equivalent	2,194	3.30	n/a
Great Eagle's NAV	52,971	79.69	
Discount to NAV based on share price of HK\$ 25.45			-68%

Note: valuation on investment properties include owner-occupied portion

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

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	5,408	8.1	9%
Hotels All valued at cost less depreciation	12,764	19.2	22%
Dalian development project (on cost incurred)	570	0.9	1%
Pak Shek Kok Development project (on cost incurred)	2,445	3.7	4%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: -61.8% share of Champion's Net Assets	29,230	44.0	50%
Investment in U.S. Real Estate Fund - 49.6% share of Fund's NAV	1,736	2.6	3%
-58.5% share of LHI's Net Assets	6,147	9.2	11%
	37,112	55.8	64%
Other net liabilities	70	0.1	0%
Total	58,369	87.82	100%
Net (debt)/cash or preceived cash equivalent	2,194	3.30	n/a
Great Eagle's NAV	60,563	91.12	
Discount to NAV based on share price of HK\$ 25.45			-72%



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	59,183	(17,530)	41,653	29.6%	42.1%	1,212	172	7.0
Overseas Assets	12,623	(1,305)	11,318	10.3%	11.5%	249	34	7.3
Group Total	71,806	(18,835) ^(d)	52,971	26.2%	35.6%	1,461	206	7.1

(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	49,005	3,745	52,750	n/a	n/a	660	(53)	n/a
Overseas Assets	9,364	(1,551)	7,813	16.6%	19.9%	260	8	32.5
Group Total	58,369	2,194 ^(d)	60,563	n/a	n/a	920	(45)	n/a

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 investments in bonds and equities.



Valuation – Investment properties

Financials

As at the end of June 2015

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Change from end of Dec 2014
Great Eagle Centre			
Office	193,271	16,386	5.6%
Retail	55,944	9,349	5.5%
3rd floor	20,959	8,063	4.4%
Carparks (nos/unit price)	296	729,730	8.0%
Signage (gross value in HK\$m)		235	5.9%
Eaton House			
Wanchai Gap Road	34,915	9,423	3.8%
Village Road	23,350	8,737	2.5%
Blue Pool Road	33,700	10,742	2.3%
Convention Plaza apartments	5,817	17,105	4.8%



Development projects

Dalian Mixed-use Development Project

- A more aggressive pricing strategy for lower floors was launched in March 2015 to accelerate sales and generate better cash flow. By the end of June 2015 over 150 units had been sold at approximately RMB19,000 per sq. m. with total sales proceeds approaching RMB400 million.

Tokyo Hotel Redevelopment Project

- Completion of acquisition of the site is expected to be towards the end of the year. Currently working on the design and layout of the hotel.

Pak Shek Kok Residential Development Project

- Preliminary works on design and layout are being carried out, and construction is expected to start in the second quarter of 2016.

Two San Francisco Redevelopment Projects

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

Langham Hotels International





Hotel portfolio – 1H 2015 Operational Statistics

	Occupancy			Average Room Rate			RevPar		
	YTD-Jun 2015	YTD-Jun 2014	Change	YTD-Jun 2015	YTD-Jun 2014	Change	YTD-Jun 2015	YTD-Jun 2014	Change
<u>Owned by subsidiary LHI</u>									
The Langham, Hong Kong	81.8%	88.0%	-6.3%	\$2,204	\$2,291	-3.8%	\$1,802	\$2,017	-10.7%
Langham Place, Mongkok, HK	88.2%	92.5%	-4.3%	\$1,725	\$1,871	-7.8%	\$1,522	\$1,731	-12.1%
Eaton Hotel, Hong Kong	86.2%	95.7%	-9.5%	\$1,097	\$1,178	-6.9%	\$946	\$1,127	-16.1%
<u>Wholly-owned Hotels</u>									
<u>Europe</u>									
The Langham, London	77.3%	78.5%	-1.2%	£261	£260	0.4%	£202	£204	-1.1%
<u>North America</u>									
The Langham, Boston	82.0%	77.6%	4.3%	\$258	\$243	6.4%	\$212	\$188	12.4%
The Langham, Huntington Pasadena	75.2%	79.0%	-3.9%	\$256	\$242	5.9%	\$192	\$191	0.7%
The Langham, Chicago	65.1%	51.4%	13.7%	\$332	\$301	10.6%	\$216	\$155	40.0%
Langham Place, Fifth Avenue, New York	74.5%	78.8%	-4.3%	\$506	\$487	4.0%	\$377	\$383	-1.7%
Chelsea Hotel, Toronto	61.2%	65.9%	-4.7%	\$132	\$126	4.1%	\$80	\$83	-3.3%
<u>Pacific</u>									
The Langham, Melbourne	86.6%	85.9%	0.6%	\$304	\$282	8.0%	\$263	\$242	8.8%
The Langham, Sydney ^{Note 1}	55.4%	84.7%	-29.3%	\$404	\$297	36.1%	\$224	\$252	-11.0%
The Langham, Auckland	84.0%	80.9%	3.2%	\$191	\$175	9.6%	\$161	\$141	13.9%
<u>China</u>									
The Langham, Xintiandi, Shanghai ^{Note 2}	69.4%	65.6%	3.8%	¥ 1,776	¥ 1,664	6.7%	¥ 1,233	¥ 1,092	12.9%

Note 1: The Langham, Sydney was closed for renovation from 24th July, 2014 and was re-opened on 2nd December, 2014.

Note 2: The hotel became wholly owned on 11 December 2014, but operating statistic covered operation from 1 January to 30 June 2014



Hotel portfolio – 1H 2015 Operational statistics

	Room revenue growth YTD-June 2015	F&B revenue growth YTD-June 2015
The Langham, London	-10%	6%
The Langham, Boston	12%	10%
The Langham, Chicago	41%	20%
The Langham Place, Fifth Avenue	-2%	-5%
The Langham, Huntington Pasadena	1%	6%
Chelsea Hotel, Toronto	-3%	1%
The Langham, Melbourne	9%	0%
The Langham, Auckland	14%	-2%
The Langham, Sydney	-18%	-11%
The Langham, Xintiandi	13%	4%



Hotel portfolio – Profit contribution

	1H 2015 in 'mn in LC	1H 2014 in 'mn in LC	Change	in HK\$	
				1H 2015 in 'mn	Contribution to hotel profits
<u>Owned Hotels</u>					
Europe	£3.0	£4.3	-30.2%	35.9	21%
UK (The Langham, London)					
North America					
U.S. (The Langham, Boston, The Langham, Chicago, Langham Place Fifth Ave, NY and The Langham, Huntington Hotel & Spa, Washington D.C. hotel)	US\$3.5	US\$0.9	273.6%	27.1	16%
Canada (Chelsea)	C\$1.7	C\$2.0	-15.7%	10.6	6%
Australasia					
Australia (The Langham, Melbourne and Sydney) and New Zealand (The Langham, Auckland)	A\$4.2 N\$3.8	A\$6.4 N\$2.7	-33.4% 39.9%	25.7 22.0	15% 13%
China					
The Langham Xintiandi	RMB38.5	-	n.a.	48.0	28%
<u>Total</u>	\$169.3	139.8	21.1%	169.3	100%



Hotel portfolio – Currency impact

	<u>Jun-15</u>	<u>Jun-14</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	11.8125	12.9460	-8.8%	(3.4)
CAD	6.2841	7.0748	-11.2%	(1.3)
AUD	6.0677	7.0935	-14.5%	(4.3)
USD	7.7541	7.7559	0.0%	(0.0)
NZD	5.7504	6.5847	-12.7%	(3.2)
Total				- HK\$ 12.3 mn



The Langham, Hong Kong



	1H 2014	1H 2015	Change
Rooms Available	485	472	-13
RevPAR	\$2,017	\$1,802	-10.7%
Room Rate	\$2,291	\$2,204	-3.8%
Occupancy Rate	88.0%	81.8%	-6.2 ppt

- For The Langham, Hong Kong, arrivals from Mainland China managed to sustain and remain flat in the first half of 2015.
- However, arrivals fell for almost all of the other key markets, including arrivals from other Asian countries, Australia, Europe and the U.S.
- Revenue from F&B rose by 2.8% year-on-year in the first six months of 2015.



Langham Place Hotel Hong Kong



	1H 2014	1H 2015	Change
Rooms Available	650	619	-31
RevPAR	\$1,731	\$1,522	-12.1%
Room Rate	\$1,871	\$1,725	-7.8%
Occupancy Rate	92.5%	88.2%	-4.3 ppt

- The hotel also saw an increase in arrivals from Mainland China, which was up by 4.3% year-on-year, but arrivals fell from all other key markets.
- Note the hotel will be rebranded to the Cordis brand on 26 August 2015.
- Revenue from food and beverage dropped by 7.6% year-on-year mostly due to the renovation at The Place, which was closed for 2 months in the first quarter of 2015.



Eaton, Hong Kong

- Eaton, Hong Kong, faced severe impact from weaker overnight tourist visitations from Mainland China, and the hotel witnessed a 33% year-on-year drop in arrivals from the Mainland China market in the first half of 2015.
- Even though there were increases in arrivals from some of the other key markets like Australia and the U.K., such increase was unable to offset the large decline in arrivals from Mainland China.
- Revenue from food and beverage rose by 3.5% year-on-year in the first six months of 2015.

	1H 2014	1H 2015	Change
Rooms Available	465	465	0
RevPAR	\$1,127	\$946	-16.1%
Room Rate	\$1,178	\$1,097	-6.9%
Occupancy Rate	95.7%	86.2%	-9.5 ppt





The Langham, London

- Disruptions from the ongoing renovation at the hotel resulted in an overall lower occupancy, which has dropped on a reduced number of rooms available.
- The refurbishment of the 47 rooms and Club Lounge was completed in the second quarter of 2015, whereas the renovation of the suites is scheduled to be finished in the third quarter of 2015.
- Revenue from food and beverage rose by 6% year-on-year during the first half of 2015

	1H 2014	1H 2015	Change
Rooms Available	380	344	-36
RevPAR	£204	£202	-1.0%
Room Rate	£260	£261	0.4%
Occupancy Rate	78.5%	77.3%	-1.2 ppt





The Langham, Melbourne

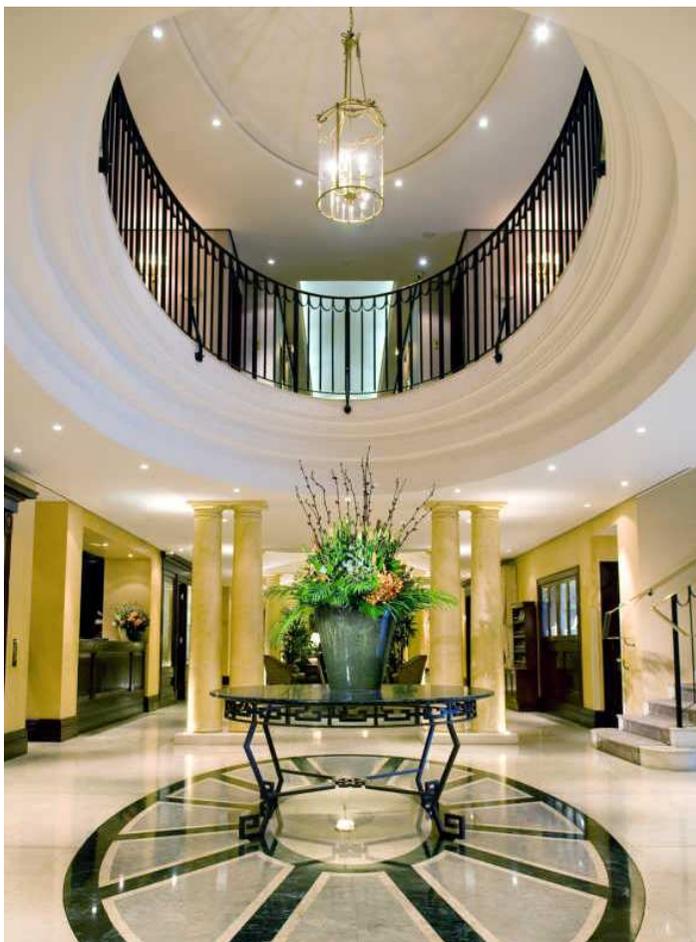
- With several high profile events in the city, the increase in demand for hotel rooms allowed the hotel to hike room rates over the first half of 2015, and average room rates rose by 7.8% year-on-year in the first half of 2015.
- A generally steady demand throughout the first half also allowed the hotel to maintain occupancy.
- Revenue from food and beverage was flat as compared with the same period a year ago.

	1H 2014	1H 2015	Change
Rooms Available	388	388	
RevPAR	\$242	\$263	8.7%
Room Rate	\$282	\$304	7.8%
Occupancy Rate	86.0%	86.6%	0.6 ppt





The Langham, Sydney



	1H 2014	1H 2015	Change
Rooms Available	96	89	-7
RevPAR	\$252	\$224	-11.1%
Room Rate	\$297	\$404	36.0%
Occupancy Rate	84.7%	55.4%	-29.3 ppt

- Although The Langham, Sydney reopened since December last year after it was closed for a major renovation, some of the hotel's key facilities were not available until the later part of the first quarter of 2015.
- As a result, the occupancy of the hotel was negatively impacted and was at 55.4% in the first half of 2015.
- Revenue from food and beverage revenue has gained momentum in the second quarter of 2015 with improved business in catering and at some of the restaurants.



The Langham, Auckland

- The hotel managed to raise room rates as there were major events hosted in the city during the first half period, resulted in a 9.1% year-on-year growth in average room rates.
- There was also a decent demand for rooms from the corporate and group segments, which boosted the hotel's occupancy by 3.1 percentage points.
- Revenue from food and beverage was lower than that in the same period a year ago.

	1H 2014	1H 2015	Change
Rooms Available	409	409	-
RevPAR	\$141	\$161	14.2%
Room Rate	\$175	\$191	9.1%
Occupancy Rate	80.9%	84.0%	3.1 ppt





Langham Place Fifth Avenue, New York



	1H 2014	1H 2015	Change
Rooms Available	214	214	0
RevPAR	\$383	\$377	-1.6%
Room Rate	\$487	\$506	3.9%
Occupancy Rate	78.8%	74.5%	-4.3 ppt

- Operating environment for the hotel became more challenging as there was an increase in the number of hotel rooms in the city.
- Nonetheless, the hotel managed to accommodate more high-yielding leisure travellers during the weekends, which helped lifting average room rates of the hotel.
- Revenue from food and beverage declined by 5% year-on-year in the first half period.



The Langham, Chicago

- With a low base for comparison in the first half of 2014, the improvement in the first half of 2015 was very much across the board from both retail and corporate travellers.
- Occupancy for the hotel increased by 13.4 percentage points year-on-year, while average room rates rose by 10.3% year-on-year.
- Compared with a loss incurred in the same period last year, the hotel turned a profit in the first half of 2015.
- Revenue from food and beverage rose by 20% year-on-year during the first half of 2015.

	1H 2014	1H 2015	Change
Rooms Available	313	316	3
RevPAR	\$155	\$216	39.4%
Room Rate	\$301	\$332	10.3%
Occupancy Rate	51.7%	65.1%	13.4 ppt





The Langham, Boston

- Given the increased number of conventions held in the city in the first half of 2015, The Langham, Boston strategically raised its room rates over the peak period, which helped the hotel to deliver a 6.2% year-on-year increase in average room rates during the first half period.
- Meanwhile, occupancy also improved by 4.4 percentage points year-on-year to 82% over the first half of 2015.
- Revenue from food and beverage rose by 10% year-on-year during the first half of 2015.

	1H 2014	1H 2015	Change
Rooms Available	318	318	0
RevPAR	\$188	\$212	12.8%
Room Rate	\$243	\$258	6.2%
Occupancy Rate	77.6%	82.0%	4.4 ppt

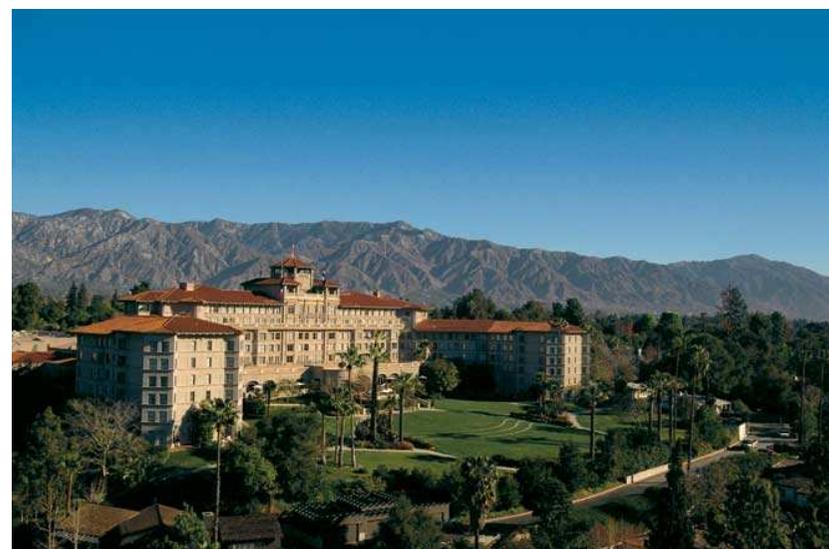




The Langham, Huntington Hotel & Spa, Pasadena

- The Langham Huntington, Pasadena saw a drop in corporate group business in the first half of 2015, but the hotel managed to accommodate more higher yielding retail travellers, which lifted average room rates for the hotel in the first half period.
- However, as the increase in the number of retail travellers was not enough to offset the slower corporate group business, occupancy for the hotel dropped by 3.8 percentage points year-on-year.
- Revenue from food and beverage rose by 6% year-on-year.

	1H 2014	1H 2015	Change
Rooms Available	380	380	0
RevPAR	\$191	\$192	0.5%
Room Rate	\$242	\$256	5.8%
Occupancy Rate	79.0%	75.2%	-3.8 ppt





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

- Given that almost half of the rooms of the hotel were undergoing soft renovation during the first half of 2015, occupancy of the hotel has been negatively impacted.
- Revenue from food and beverage was pretty much flat in the first half of 2015 as compared with the corresponding period last year. While banqueting business has improved, the growth was offset by lower contribution from the Bistro, which was closed for renovation in first quarter of this year.

	1H 2014	1H 2015	Change
Rooms Available	1,590	1,590	0
RevPAR	\$83	\$80	-3.6%
Room Rate	\$126	\$132	4.8%
Occupancy Rate	65.9%	61.2%	-4.7 ppt





The Langham, Xintiandi

(wholly owned from 11 December 2014)

- Compared with a tough operating environment in Shanghai's hotel market last year, such environment has certainly been improved in the first half of 2015.
- The hotel managed to raise its average room rates and occupancy.
- Revenue from food and beverage rose by 4% year-on-year during the first half period, which was driven by banqueting and catering business, as more corporate meetings and conferences were held.

	1H 2014	1H 2015	Change
Rooms Available	356	357	1
RevPAR	\$1,092	\$1,233	12.9%
Room Rate	\$1,664	\$1,776	6.7%
Occupancy Rate	65.6%	69.4%	3.8 ppt





Langham Hotels International

Managed hotel owned by third parties

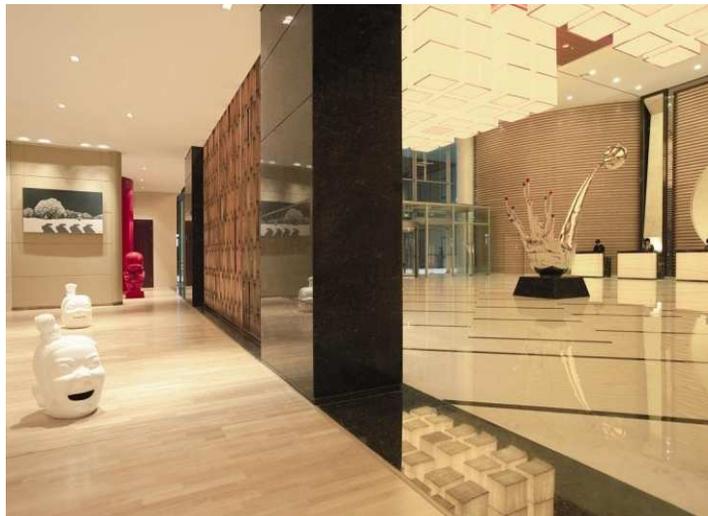




Langham Place, Beijing Capital Airport
With 372 rooms
Opened in August 2010



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



Eaton Smart
New Delhi International Airport
With 93 rooms
Opened in June 2011





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

2015	Rooms	Status
The Langham Dubai, Palm Jumeirah	323	Agreement
The Langham, Haikou	244	Agreement
Cordis Qingdao	538	Agreement
2016	Rooms	Status
The Langham Hefei	339	Agreement
The Langham Chongqing	154	Agreement
Langham Place, Datong	327	Agreement
Langham Place, Qingdao	194	Agreement
Cordis KIC	146	Agreement
2017	Rooms	Status
The Langham, Jakarta	210	Agreement
Langham Place, Dalian	361	Agreement
Langham Place, Changsha	300	Agreement
Cordis Resort Nusa Dua, Bali	310	Agreement
Eaton Washington	265	Owned
2018	Rooms	Status
Langham Place, Bali	130	Agreement
Langham Place, Dubai	167	Agreement
Cordis Hongqiao Shanghai	382	Owned
2019	Rooms	Status
The Langham, Dara Sakor, Cambodia	200	Agreement

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

Investment properties





2014 Final Results - Rental income breakdown

	Gross rental income			Net rental income		
	1H 2015	1H 2014	Growth (%)	1H 2015	1H 2014	Growth (%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	71.4	69.8	2.2	62.6	59.8	4.7
Eaton House	23.4	24.7	(5.0)	14.1	16.3	(13.5)
Convention Plaza Apartments	1.4	1.1	22.9	1.1	0.8	38.1
Building Management income	12.0	12.4	(3.7)	-	-	n.a.
U.S. Investment Properties						
353 Sacramento	-	36.9	n.a.	-	19.8	-
123 Mission Street	-	51.6	n.a.	-	27.5	n.a.
500 Ygnacio	-	12.7	n.a.	-	6.1	-
2700 Ygnacio	8.0	7.9	1.9	7.8	4.0	94.9
Total	116.2	217.1	(46.5)	85.5	134.3	(36.3)



Great Eagle Centre

- There was a pick-up in office leasing activities and occupancy for the office portion rose by 2.3 percentage points to 97.5% as of June 2015.
- However, 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, spot rents were flat during the first half of 2015.
- As a result, there was only a small growth in average passing rent for the leased office space at Great Eagle Centre, which raised from HK\$63.8 per sq. ft. as of June 2014 to HK\$64.2 per sq. ft. as of June 2015.
- Overall, gross rental income for Great Eagle Centre increased by 2.3% to HK\$71.4 million in the first half of 2015, while net rental income increased by 4.7% to HK\$62.6 million. The higher growth achieved in net rental income was due to a higher cost base for comparison last year, as increased maintenance capital expenditure was incurred for the building during the first half of 2014.



Eaton Serviced Apartments

Overall occupancy for the three serviced apartments dropped from 76.8% in the first half of 2014 to 70.4% in the first half of 2015. The decline was primarily due to a drop in occupancy at the serviced apartment at the Village Road property, given demand has been negatively impacted by the scaffolding and facelift works on the external walls of the building. To a lesser extent, occupancy also dropped at the Wanchai Gap Road property, given softer corporate demand during the first half period.

Blue Pool Road, rentable area 37,236 Sq Ft

- Occupancy rose by 10.4ppt to 74%,
- Rental per occupied sq ft rose by 8.1% yoy to HK\$42.6

Village Road, rentable area 23,350 Sq Ft

- Occupancy dropped by 23.2ppt to 51.7%,
- Rental per occupied sq ft dropped by 7.3% yoy to HK\$38.0

Wanchai Gap Road, rentable area 29,247 Sq Ft (2013: 30,729 Sq Ft)

- Occupancy dropped by 7.6ppt to 80.6%,
- Rental per occupied sq ft dropped by 2.9% yoy to HK\$57.2



US Real Estate Fund

As at the end of June 2015, total net asset value of the fund stood at US\$453 million, which comprised of net asset value of the three transferred properties amounted to US\$252 million, cost incurred thus far for a residential development project on 1545 Pine Street at US\$21 million and cash of US\$177 million. The Group's interest in the U.S. Fund was 49.6% as at the end of June 2015.

Since the establishment of the Fund, the Fund has completed an acquisition of a site at 1545 Pine Street, San Francisco for US\$21 million in January 2015.

The land is situated within walking distance to the traditional luxury residential neighbourhoods of Nob Hill and Pacific Heights. The site has been earmarked for a residential development with a gross floor area of approximately 135,000 sq. ft. comprising approximately 100 studio, and one- and two-bedroom residences.

Total investment cost for the project, including the US\$21 million paid for the site, is expected to be approximately US\$83 million. As the development rights have already been granted for this project, excavation work is expected to start in mid-September 2015.

In the first half of 2015, the Group booked HK\$11.0 million in asset management fee for our 80% stake in the asset management company of the U.S. Fund and there was no distribution income from the U.S. Fund during this period.



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:

Champion REIT has successfully stabilized the occupancy of Citibank Plaza for the coming several years and thereby built a solid foundation for the resumption of rental growth. Top-line property income should start rising in the second half of 2015. However, higher tax payable in the second half, and leasing commissions payable on the large new leases will both suppress profit in the second half of 2015. A resumption of growth in the REIT's distributable income is expected in 2016.

Outlook for LHI:

As overnight visitors to Hong Kong will likely remain weak, tough operating conditions for Hong Kong's hotel industry is set to remain, and therefore, distributions and hotel management incomes from LHI will likely be under pressure in the second half of 2015.



Reconciliation to core earnings from reported

	Reported earnings 1H 2015 HK\$'000	Core earnings 1H 2015 HK\$'000	Core earnings 1H 2014 HK\$'000	
Gross Revenue				
Rental Income				
- HK	96,173	96,173	95,588	
- Overseas	8,038	8,038	109,128	
- Building mgt fee inc	11,955	11,955	12,416	
Hotel Income				
- HK hotels revenue	741,060	-	-	- Core revenue ignores revenue of HK hotels after the spin off
- Overseas	1,632,822	1,632,822	1,512,255	
- Others	69,384	69,385	83,647	
Income from Champion REIT				
- Management fee income	140,248	140,248	157,817	
- Gross rental income	1,000,851			- Ignore, core profit base on distributions
- Distributions		339,940	363,188	- Add back distributions of Champion REIT
Income from Langham Hosp. Investments*				
- Gross rental income	323,201			- Ignore, core profit base on distributions
- Distributions		127,336	148,360	- Add back distributions of LHI
Income from U.S. Real Estate Fund	111,638			- Ignore, core profit base on distributions
Other Operations	259,510	259,510	213,188	
Elimination of intra-group transactions	(519,307)			- Ignore intra-group elimination associated with CREIT, LHI and US fund
Revenue	<u>3,875,574</u>	<u>2,685,407</u>	<u>2,695,587</u>	



Reconciliation to core earnings from reported

	Reported earnings 1H 2015 HK\$'000	Core earnings 1H 2015 HK\$'000	Core earnings 1H 2014 HK\$'000	
Net Operating Income				
Net Rental Income				
- HK	77,717	77,717	76,813	
- Overseas	56,687	7,830	57,502	- Ignore net rental income of the transferred US office properties
Hotel Income				
- Overseas	169,255	169,255	139,799	
- Others	28,685	28,685	63,078	
Income from Champion REIT				
- Management fee income		140,248	157,817	- Add back management fee from CREIT
- Net rental income	902,028			- Ignore net rental income, core profit base on distributions
- Distributions		339,940	363,188	- Add back distributions of Champion REIT
Income from Langham Hosp. Investments*	268,732			- Ignore income of the HK hotels, base on distributions
- Distributions		127,336	148,360	- Add back distributions of LHI
Other Operations	92,940	104,732	94,899	- Core profit for other operations is after impact of intra-group elimination
Operating profit	1,596,044	995,743	1,101,456	



Reconciliation to core earnings from reported

	Reported earnings 1H 2015 HK\$'000	Core earnings 1H 2015 HK\$'000	Core earnings 1H 2014 HK\$'000	
Operating profit before Dep. and Amortisation	1,596,044	995,743	1,101,456	
Depreciation and amortisation	(282,038)	(73,705)	(71,109)	- Exclude depreciation of CREIT and LHI, add back depreciation, relating to hotel land and buildings
Fair value changes on investment properties	1,411,996			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	(2,752)			- Ignored in core earnings calculation
Gain on repurchase of MTN (Champion REIT)	2,273			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	97			- Ignored in core earnings calculation
Other income (excluding interest income)	83,562	83,562	47,323	
Other expense	(71,516)	(4,140)		-Exclude other expenses of CREIT, LHI, US fund, unrealised exchange loss and acquisition cost not capitalised
Administrative expenses and other expenses	(174,790)	(159,386)	(145,520)	- Exclude admin. expense of CREIT, LHI and US fund



Reconciliation to core earnings from reported

	Reported earnings 1H 2015 HK\$'000	Core earnings 1H 2015 HK\$'000	Core earnings 1H 2014 HK\$'000	
Net finance costs				
Finance cost	(354,325)	(93,149)	(81,495)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	148,278 (206,047)	137,709 44,560	171,412 89,917	- Exclude interest income of CREIT, LHI, US fund and realised interest income on linked notes
Share of results of associates	(3,731)	(3,731)	10,427	
Share of results of a jointly controlled entity	(8,892)	(8,892)	(19,039)	
Profit before tax	2,344,206	874,011	1,013,455	
Income taxes	(190,414)	(34,353)	(46,772)	- Exclude taxes of CREIT, LHI and US fund, and taxes related to fair value change on IP
Net Profit	2,153,792	839,658	966,683	
Less: Non-controlling interest	687,884	1,558	1,228	- Exclude non-controlling interest of CREIT, LHI and US fund
Profit Attributable to Shareholders	1,465,908	838,100	965,455	
Basic earnings per share	\$ 2.21	\$ 1.26	\$ 1.47	