

此文件只提供英文版本



Great Eagle Holdings
Investor Presentation Q1 2019



A Leading Property and Hotel Company with Prime Assets in Global Gateway Cities

Long operating and listing history

- Founded in 1963 and listed since 1972
- 40+ years track record property development

Strong asset base with irreplaceable trophy properties

- Landmark properties in core locations in Hong Kong
- Irreplaceable properties in global gateway cities

Stellar returns and operational performance

- NAV has increased almost four-fold from HK\$20bn in 2006 to HK\$79bn as at the end of December 2018
- Strong financial position as at the end of December 2018

Competitive strengths

- Proactive asset management including timely asset disposals and acquisitions
- Scalable business model after expanded into asset-light hotel and asset management businesses



Highlights of 2018 Final Results

- Despite a challenging year that was full of economic and political uncertainties, the Group's business has been resilient, as reflected by a 7.7% growth in the Group's core revenue in 2018.
- The soft opening of the Group's first Eaton hotel in the U.S., the Eaton, Washington D.C., in August 2018 marked an important step in the global expansion of our revamped Eaton brand, another highlight of the Group was the soft launch of ONTOLO, our upcoming luxury residential project in Pak Shek Kok on 20 September 2018. The 723-units project, which commands spectacular sea views over Tolo Harbour, should be available for pre-sale in the second half of 2019.
- As the asset manager of the U.S. Fund, we disposed of the U.S. Fund's remaining office building, the Dexter Horton, for US\$151 million in December 2018, which was acquired by the U.S. Fund for US\$124.5 million in September 2015. As the closing of the sale was in January 2019, the related distribution and disposal asset management fee will be booked in the interim results of 2019.
- The Group's core revenue rose by 7.7% to HK\$6,661.6 million in 2018 (2017: HK\$6,187.6 million), driven by a 11.0% increase in revenue from the Hotels Division, followed by a 9.2% increase in income from Champion REIT, which comprised distribution and management fee income during the period. Correspondingly, core operating income for the Group increased by 6.4% to HK\$2,845.0 million in 2018 (2017: HK\$2,672.9 million).
- Administrative and other expenses increased by 5.9% to HK\$464.3 million in 2018 (2017: HK\$438.4 million), attributable to the increased headcount, as well as the booking of early stage pre-selling expense for the Pak Shek Kok luxury residential project.
- Net interest expense declined by 37.7% to HK\$42.9 million in 2018 (Net interest expense in 2017: HK\$68.9 million).
- Share of losses of joint ventures in 2018 dropped by 60.9% to HK\$10.4 million, attributable to the reduced loss incurred in the Dalian development project. Profit attributable to equity holders rose by 5.0% to HK\$1,995.4 million in 2018 (2017: HK\$1,900.0 million).



2018 Final Results

	2018	2017	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue				
Rental Income	230,841	227,584	3,257	1.4%
Hotel Income				
- Overseas	4,214,631	3,793,211	421,420	11.1%
- Others	178,387	164,466	13,921	8.5%
Income from Champion REIT*	1,405,705	1,287,504	118,201	9.2%
Income from Langham Hosp. Investments*	258,398	270,175	(11,777)	-4.4%
Other Operations	373,684	444,639	(70,955)	-16.0%
	<u>6,661,646</u>	<u>6,187,579</u>	<u>474,067</u>	7.7%

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



2018 Final Results

	2018	2017	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Net Rental Income	182,285	172,941	9,344	5.4%
Hotel Income - Overseas	731,901	621,994	109,907	17.7%
- Others	122,404	104,667	17,737	16.9%
Income from Champion REIT*				
- Asset management	288,639	259,958	28,681	11.0%
- Dividend income	1,008,892	927,973	80,919	8.7%
- Other mgt income	108,174	99,573	8,601	8.6%
Income from Langham Hosp. Investments*				
- Dividend income	258,398	270,175	(11,777)	-4.4%
Other Operations	144,343	215,566	(71,223)	-33.0%
Income before expenses	2,845,035	2,672,847	172,188	6.4%
Other income	109,398	59,938	49,460	82.5%
Impairment on an available for sale investment	-	(127,349)	127,349	n.a.
Depreciation and amortisation	(225,182)	(178,139)	(47,043)	26.4%
Administrative and other expenses	(464,255)	(438,394)	(25,861)	5.9%

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



2018 Final Results

	2018	2017	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(174,879)	(139,425)	(35,454)	25.4%
Interest income	131,999	70,513	61,486	87.2%
	(42,880)	(68,912)	26,032	-37.8%
Share of results of associates	773	570	203	35.6%
Share of results of joint ventures	(10,389)	(26,598)	16,209	-60.9%
Profit before taxation	2,212,500	1,893,963	318,537	16.8%
Income taxes	(217,635)	5,046	(222,681)	n.m.
Net Profit	1,994,865	1,899,009	95,856	5.0%
Less: Non-controlling interest	561	1,034	(473)	-45.7%
Profit Attributable to Shareholders	1,995,426	1,900,043	95,383	5.0%
Basic earnings per share	\$ 2.86	\$ 2.77		



2018 Final Results – Breakdown of Income from Champion REIT

	2018	2017	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Asset management income	288,639	259,958	28,681	11.0%
Dividend received	1,008,892	927,973	80,919	8.7%
Agency commission income & Property management income	108,174	99,573	8,601	8.6%
	<u>1,405,705</u>	<u>1,287,504</u>	<u>118,201</u>	<u>9.2%</u>
 Distribution Per Unit declared in HK\$	 0.26170	 0.24260		 7.9%
Units held by Great Eagle in 000's	3,858,724	3,825,215		0.9%



2018 Final Results – Distribution from LHI

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Distribution Per Share Stapled Unit declared in HK\$	0.195	0.216	-9.7%
Share Stapled Units held by Great Eagle in 000	1,327,704	1,300,811	2.1%
Share Stapled Units entitled to distribution	1,327,704	1,250,811	6.1%
Dividend received in HK'000s	258,398	270,175	-4.4%



Analysis on change on core income

	2018
	\$'000
Change in profit from core business after tax	<u>95,383</u>
Arise from:	
Increase in hotels division EBITDA	127,643
Increase in dividend and management income from Champion REIT	118,201
Absence of impairment on an available for sale investment	127,349
Decrease in net interest expense	26,032
Changes in share of results of associates and JVs	16,412
Increase in net rental income	9,344
Increase in income taxes	(222,681)
Decrease in operating income from other business operations	(71,223)
Increase in depreciation	(47,043)
Increase in administration and other expenses	(25,861)
Decrease in distribution income from LHI	(11,777)
Others	48,987
Change in profit from core business after tax	<u>95,383</u>



Discount to NAV

Financials

NAV based on statutory accounting principles (Dec 2018)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	7,621	10.9	11%
Hotels All valued at cost less depreciation	15,503	22.2	22%
Investment in JVs - Dalian and Miami project	1,442	2.1	2%
Pak Shek Kok Development project (on cost incurred)	3,756	5.4	5%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: -65.99% share of Champion's Net Assets	44,583	63.8	64%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	440	0.6	1%
Investment in Langham Hospitality Investments (LHI): Net liabilities from three HK hotels (calculated as book cost of the hotels less debt)	(1,892)	(2.7)	-3%
	43,131	61.7	62%
Other net (liabilities)/assets	(1,910)	(2.7)	-3%
Total	69,543	99.54	100%
Net debt	(190)	(0.27)	
Great Eagle's NAV	69,353	99.27	

Discount to NAV based on share price of HK\$ 40.0

-60%

Note: valuation on investment properties include owner-occupied portion

NAV based on net assets of Champion REIT, LHI and US Fund

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	7,621	10.9	10%
Hotels All valued at cost less depreciation	15,503	22.2	19%
Investment in JVs - Dalian and Miami project	1,442	2.1	2%
Pak Shek Kok Development project (on cost incurred)	3,756	5.4	5%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: -65.99% share of Champion's Net Assets	44,583	63.8	56%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	440	0.6	1%
-62.93% share of LHI's Net Assets Based on appraised valuation of LHI's hotels	8,154	11.7	10%
	53,177	76.1	67%
Other net (liabilities)/assets	(1,912)	(2.7)	-2%
Total	79,587	113.92	100%
Net debt	(190)	(0.27)	
Great Eagle's NAV	79,397	113.64	

Discount to NAV based on share price of HK\$ 40.0

-65%



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	70,272	(10,098)	60,174	14.4%	16.8%	3,380	600	5.6
Overseas Assets	12,855	(3,676)	9,179	28.6%	40.0%	579	131	4.4
Group Total	83,127	(13,774) ^(c)	69,353	16.6%	19.9%	3,959	731	5.4

(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 expense	Interest Cover
Hong Kong/ PRC Assets	67,674	3,119	70,793	n/a	n/a	1,986	10	198.6
Overseas Assets	11,913	(3,309)	8,604	27.8%	38.5%	515	84	6.1
Group Total	79,587	(190) ^(c)	79,397	0.2%	0.2%	2,501	94	26.6

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 Champion REIT, LHI and the U.S. Fund.

(b) Not applicable since it is in a net cash position.

(c) Including other liquid investments such as investments in link notes, bonds and equities amounting to HK\$586 mn as at the end of Dec 2018.



Valuation – Investment properties

Financials

As at the end of Dec 2018

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Cap rate	Change from end of June 2018
Great Eagle Centre				
Office	193,271	26,719	2.9%	2.4%
Retail	55,944	10,046	4.5%	1.1%
3rd floor	20,959	13,121		2.2%
Carparks (nos/unit price)	296	1,290,541		3.2%
Signage (gross value in HK\$mn)		137		-0.7%
Eaton House				
Wanchai Gap Road	34,915	10,941	3.7%	-2.3%
Village Road	23,350	10,150	3.5%	0.0%
Blue Pool Road	33,700	11,335	3.2%	-2.3%
Convention Plaza apartments	5,817	17,260		-4.3%

Langham Hospitality Group





The Langham, London



The Langham, Boston



The Langham, Melbourne



The Langham, Sydney



Cordis, Auckland



Cordis, Hongqiao



The Langham, Pasadena



The Langham, Xintiandi



Chelsea Hotel, Toronto



The Langham, New York



The Langham, Chicago



Eaton, Washington D.C.

North America

-Improved performance of The Langham, New York, Fifth Avenue and Chelsea, Toronto offset by ramp-up loss and pre-opening charge at Eaton Washington D.C.

Europe

-Improve average room rates boosted profit for the Langham London

Australia/New Zealand

- Recovery in EBITDA of Cordis, Auckland after a decline in EBITDA due to rebranding in 2017

China

- Substantial improvement in occupancy at the Cordis, Hongqiao, which turned into profit in 2018



Hotel portfolio – 2018 Operational Statistics

Owned by subsidiary LHI

Hong Kong

	YTD Occupancy			YTD Average Room Rate			YTD RevPar		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
The Langham, Hong Kong	91.2%	88.8%	2.4%	\$2,336	\$2,135	9.4%	\$2,130	\$1,895	12.4%
Cordis, Hong Kong	95.0%	93.9%	1.1%	\$1,806	\$1,660	8.8%	\$1,715	\$1,559	10.0%
Eaton Hotel, Hong Kong	87.0%	94.4%	-7.4%	\$1,114	\$986	13.0%	\$969	\$931	4.1%

Wholly-owned hotels

Europe

The Langham, London	79.6%	77.2%	2.4%	£366	£329	11.3%	£292	£254	14.9%
---------------------	-------	-------	------	------	------	-------	------	------	-------

North America

The Langham, Boston	73.7%	76.5%	-2.8%	\$310	\$300	3.4%	\$229	\$230	-0.4%
The Langham, Huntington Pasadena	71.7%	70.9%	0.8%	\$283	\$285	-0.7%	\$203	\$202	0.4%
The Langham, Chicago	75.4%	74.2%	1.2%	\$402	\$380	5.6%	\$303	\$282	7.3%
The Langham, Fifth Avenue, New York	80.4%	78.6%	1.8%	\$578	\$536	7.7%	\$465	\$422	10.2%
Eaton, Washington D.C.*	37.7%	-	n.a.	\$239	-	n.a.	\$90	-	n.a.
Chelsea Hotel, Toronto	82.7%	77.7%	5.0%	\$170	\$160	6.4%	\$140	\$124	13.1%

Australia/New Zealand

The Langham, Melbourne	87.7%	87.1%	0.6%	\$313	\$305	2.4%	\$274	\$266	3.0%
The Langham, Sydney	82.0%	82.2%	-0.2%	\$461	\$438	5.3%	\$378	\$360	5.0%
Cordis, Auckland	79.8%	90.9%	-11.1%	\$235	\$243	-3.3%	\$187	\$221	-15.1%

China

The Langham, Xintiandi, Shanghai	81.8%	74.9%	6.9%	¥ 1,670	¥ 1,744	-4.2%	¥ 1,367	¥ 1,306	4.7%
Cordis, Hongqiao	54.3%	39.4%	14.9%	¥ 926	¥ 883	4.9%	¥ 503	¥ 348	44.6%

* Soft-opened in August 2018



Hotel portfolio – 2018 Room and F&B revenue growth (in local currency)

	Room revenue growth YTD-Dec 2018	F&B revenue growth YTD-Dec 2018
The Langham, London	16%	10%
The Langham, Boston	0%	-5%
The Langham, Huntington Pasadena	1%	0%
The Langham, Chicago	7%	0%
The Langham, Fifth Avenue, New York	19%	43%
Delta Chelsea Toronto	13%	1%
The Langham, Melbourne	3%	-9%
The Langham, Sydney	4%	6%
Cordis, Auckland	10%	7%
The Langham, Xintiandi, Shanghai	5%	-10%



Hotel portfolio – Profit contribution

		in HK\$		
	2018 in mn	2017 in mn	Change	Contribution to hotel profits
<u>Owned Hotels</u>				
Europe				
UK (The Langham, London)	156.7	120.1	30.5%	21%
North America				
U.S. (The Langham in Boston, Chicago, New York, Pasadena and Eaton Washington D.C.)	290.0	297.9	-2.7%	40%
Canada (Chelsea)				
Australasia				
Australia (The Langham, Melbourne and Sydney)	134.2	132.1	1.6%	18%
New Zealand (Cordis, Auckland)				
China				
Shanghai (Langham Xintiandi and Cordis, Hongqiao)	151.0	71.9	110.0%	21%
<u>Total</u>	\$731.9	\$622.0	17.7%	100%



Hotel portfolio – Currency impact

	<u>2018</u>	<u>2017</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	10.4564	10.0442	4.1%	6.2
CAD	6.0493	6.0181	0.5%	1.0
AUD	5.8577	5.9836	-2.1%	(1.7)
USD	7.8378	7.7929	0.6%	0.5
NZD	5.4223	5.5410	-2.1%	(1.2)
RMB	1.1855	1.1538	2.7%	4.0
Total				HK\$ 8.9 mn



Langham Hotels International

Managed hotel owned by third parties





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



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



Cordis,
Beijing Capital Airport
With 372 rooms
Opened in August 2010
(rebranded from Langham
Place in November 2017)



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



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



The Langham, Haikou
Hainan, China
With 249 rooms
Opened in June 2016



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



The Langham, Hefei
Anhui, China
With 339 rooms
Opened in October 2018



Hotel pipeline

2019	Rooms	Status
The Langham, Adelaide	146	Agreement
Cordis, Hangzhou	184	Agreement
Cordis, Ningbo, Dongqian Lake	162	Agreement
The Langham, Changsha	296	Agreement
The Langham, Jakarta	225	Agreement
2020 and after	Rooms	Status
The Langham, Tokyo	280	Owned hotel
Cordis, Shanghai East Bund	161	Agreement
The Langham, Chengdu	240	Agreement
Eaton, San Francisco	180	Owned hotel
Cordis, Yuhu Lake, Chongqing	202	Agreement
The Langham, Bangkok	250	Agreement
Cordis, Baoshan, Shanghai	280	Agreement
The Langham, San Francisco	410	Owned hotel
The Langham, Nanjing	230	Agreement
The Langham, Dalian	360	50% interest
A hotel in Seattle	173	Owned hotel

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

Investment properties





2018 - Rental income breakdown

	Gross rental income		Growth	Net rental income		Growth
(in HK\$ mn)	2018	2017	(%)	2018	2017	(%)
Hong Kong Investment Properties						
Great Eagle Centre	142.4	139.1	2.4	139.8	136.2	2.6
Eaton Residence Apartments	57.0	53.7	6.1	37.6	34.6	8.7
Others* (Building mgt income, rental income from convention plaza apartments and U.S. properties)	31.4	34.8	(9.8)	4.9	2.1	133.3
Total	230.8	227.6	1.4	182.3	172.9	5.4

* 2700 Ygnacio was sold in early 2017

- In 2018, overall net rental income from our investment properties rose by 5.4% to HK\$182.3 million.
- Increase in net rental income at Great Eagle Centre was primarily due to higher average passing rent, which increased from HK\$67.2 per sq. ft. as at December 2017 to HK\$68.6 per sq. ft. as at December 2018. The Group intend to take up additional space for in-house expansion in 2019, which will reduce available space to let for third parties going forward.
- Recovered demand from the corporate and retail segment helped boost the occupancy of the portfolio, net rental income increased by 8.7% year-on-year to HK\$37.6 million for 2018.



U.S. Fund

The Austin, San Francisco

Construction work was completed by December 2017. The property was highly acclaimed by Wallpaper Magazine as an embodiment of Californian modernism. Out of 100 units, 87 were sold and handed to buyers by the end of 2018. The profitability of this small project would be minimal.

Cavalleri, Malibu

The U.S. Fund has successfully repositioned the units to high-end products with renovation works completed in 2018. As at the end of December 2018, several offers from mostly institutional buyers had been received for an en-bloc sale of the project, whereas the sale is expected to close in the first half of 2019. A loss is expected to be incurred for this investment.

Dexter Horton, Seattle

The U.S. Fund took advantage of a strong office market in Seattle, and have disposed of the property for US\$151 million in December 2018. However, as the closing of the sale was in January 2019, the related distribution and disposal asset management fee will be booked in the interim results of 2019.



Development projects

26

Dalian Mixed-use Development Project

- During 2018, 86 apartments were sold at an average selling price of approximately RMB18,000 per sq. m., on an accumulated basis, a total of 481 apartments were sold as at the end of December 2018, representing 60% of the total number of Phase I units.

Tokyo Hotel Redevelopment Project

- The site with an initial gross floor area of about 350,000 sq. ft. has been expanded to approximately 379,100 sq. ft. after the acquisition of three small adjacent sites and application for a higher plot ratio. Planning application has been submitted with construction is expected to commence in 2020.

Pak Shek Kok Residential Development Project

- The project is expected to complete in early 2020 with presale of the residential apartments in the second half of 2019 at the earliest. Currently, works are being carried out on the design of the sales office making sure that it will be ready for deployment once the presale permit is granted.

U.S. hotel and mixed-use redevelopment projects

- Constructions will commence after proposed developments have been approved by the town's planning department for the sites at 555 Howard Street, 1125 Market Street and 1931 Second Avenue.



Outlook for the Group's results

In 2019, we target to launch our residential development project, ONTOLO in Pak Shek Kok.

Notwithstanding that the project enjoys breathtaking view over the Tolo Harbour, and that the latest state of the art technologies including a comprehensive property management mobile application will be deployed, market and buyers sentiment will still play a key role in determining the pace of unit sale for the project. Pre-selling expenses to be incurred for the project will increase even further in 2019.

As for the Hotels Division, growth of EBITDA for the overall overseas hotels is expected to slow meaningfully in 2019 after achieving a strong performance in 2018. While performance of the newly opened hotel, the Eaton, Washington D.C., and the relatively new hotel, Cordis, Hongqiao, is expected to improve as their operations continue to ramp up in 2019, the improvement will be offset by lower EBITDA of Langham Boston, which will undergo major renovations in 2019.

For Champion REIT, the growth trend of the Trust's office portfolio should be sustainable in 2019. In the case of Three Garden Road and Langham Place Office Tower, the market rents are well above the passing rents, it is anticipated that the office portfolio will deliver a stable growth thanks to positive rental reversion. The retail market, on the other hand, could be vulnerable to an economic downturn, with a high base effect in a sluggish market environment, the sales growth of Langham Place Mall is unlikely to repeat in 2019.



Reconciliation to core earnings from reported

		Reported earnings 2018 HK\$'000	Core earnings 2018 HK\$'000	Core earnings 2017 HK\$'000	
Gross Revenue					
Rental Income	- HK	230,841	230,841	227,584	
	- Gross Revenue from U.S. Fund	664,363	-	-	- Core revenue ignore gross revenue of the US fund
Hotel Income	- HK hotels revenue	1,629,798			
	- Overseas hotels	4,214,631	4,214,631	3,793,211	- Core revenue ignore revenue of Hong Kong hotels
	- Others, including Hotel mgt fee	178,387	178,387	164,466	
Income from Champion REIT					
	- Management fee income	396,813	396,813	359,531	
	- Gross rental income	2,964,972			- Ignore, core profit base on distributions
	- Distributions		1,008,892	927,973	- Add back distributions
Income from Langham Hosp. Investments					
	- Gross rental income	615,500			- Ignore, core profit base on distributions
	- Distributions		258,398	270,175	- Add back distributions
Other Operations		373,684	373,684	444,639	
Elimination of intra-group transactions		(1,112,809)			- Ignore inter-group eliminations associated with CREIT, LHI and US fund
Revenue		10,156,180	6,661,646	6,187,579	



Reconciliation to core earnings from reported

	Reported earnings 2018 HK\$'000	Core earnings 2018 HK\$'000	Core earnings 2017 HK\$'000	
Operating profit before Dep. and Amortisation	4,163,923	2,845,035	2,672,847	
Depreciation and amortisation	(712,514)	(225,182)	(178,139)	- Exclude depreciation of CREIT, LHI & US Fund, add back depreciation relating to hotel land and buildings
Impairment on an available for sale investment	-	-	(127,349)	
Fair value changes on investment properties	6,660,669			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	(77,541)			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	(37,618)			- Ignored in core earnings calculation
Other income (excluding interest income)	99,991	109,398	59,938	-Exclude other income/expenses of CREIT, LHI & US fund
Administrative and other expenses	(511,718)	(464,255)	(438,394)	- Exclude administrative and other expense relating to CREIT, LHI & US fund



Reconciliation to core earnings from reported

	Reported earnings 2018 HK\$'000	Core earnings 2018 HK\$'000	Core earnings 2017 HK\$'000	
Net finance costs				
Finance cost	(821,256)	(174,879)	(139,425)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	159,875	131,999	70,513	- Exclude interest income of CREIT, LHI and US fund
	(661,381)	(42,880)	(68,912)	
Share of results of associates	773	773	570	
Share of results of joint ventures	(10,389)	(10,389)	(26,598)	
Profit before tax	8,914,195	2,212,500	1,893,963	
Income taxes	(526,500)	(217,635)	5,046	- Exclude taxes of CREIT, LHI and US fund,
Net Profit	8,387,695	1,994,865	1,899,009	and taxes related to fair value change on IP
Less: Non-controlling interest	(2,576,982)	(561)	(1,034)	- Exclude non-controlling interest of CREIT, LHI and US fund
Profit Attributable to Shareholders	5,810,713	1,995,426	1,900,043	
Basic earnings per share	\$ 8.33	\$ 2.86	\$ 2.77	