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Great Eagle Holdings
Investor Presentation Q3 2018



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\$77bn as at the end of June 2018
- Strong financial position as at the end of June 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 Interim Results

- The Group's core revenue rose by 7.1% to HK\$3,145.7 million in the first half of 2018.
- Mainly as a results of a 13.2% increase in revenue from the Hotels Division, and a 7.5% increase in income from Champion REIT, which comprised distribution and management fee income during the period.
- Core operating income increased by 1.3% to HK\$1,290.7 million in the first half of 2018.
- Higher EBITDA of the Hotels Division and income from Champion REIT were offset by a decrease in operating income from other operations.
- Administrative and other expenses increased by 6.8% to HK\$214.3 million in the first half of 2018. Mainly attributable to the increased headcount for the Project Management and Development team.
- The expansion was to support the increased number of development projects secured by the Group over the past years when asset values were at much lower levels. These include a prime residential project in Pak Shek Kok, Tai Po, Hong Kong and a luxury hotel development in Roppongi Hill, Tokyo, Japan.
- In addition, the Group is carrying out feasibility studies on the redevelopment potentials of selected existing properties.
- Share of losses of joint ventures in the first half of 2018 dropped by 54.1% to HK\$7.3 million, attributable to reduced loss for the Dalian development project.
- Profit attributable to equity holders rose by 0.3% to HK\$906.9 million in the first half of 2018.



2018 Interim Results

		1H 2018	1H 2017	Change	
		HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue					
Rental Income	- HK	101,368	99,785	1,583	1.6%
	- Overseas	-	1,270	(1,270)	n.m.
	- Building mgt fee	12,952	12,725	227	1.8%
Hotel Income					
	- Overseas	1,972,912	1,740,348	232,564	13.4%
	- Others	87,571	80,151	7,420	9.3%
Income from Champion REIT*		670,875	624,148	46,727	7.5%
Income from Langham Hosp. Investments*		118,032	127,842	(9,810)	-7.7%
Other Operations		182,010	251,427	(69,417)	-27.6%
		3,145,720	2,937,696	208,024	7.1%

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



2018 Interim Results

	1H 2018	1H 2017	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Net Rental Income - HK	90,142	86,028	4,114	4.8%
- Overseas	-	407	(407)	-100.0%
Hotel Income				
- Overseas	308,003	252,493	55,510	22.0%
- Others	49,851	45,385	4,466	9.8%
Income from Champion REIT*				
- Asset management	141,211	127,723	13,488	10.6%
- Dividend income	480,787	447,365	33,422	7.5%
- Agency commission	48,877	49,060	(183)	-0.4%
Income from Langham Hosp. Investments*				
- Dividend income	118,032	127,842	(9,810)	-7.7%
Other Operations	53,813	137,328	(83,515)	24.1%
Income before expenses	1,290,716	1,273,631	17,085	1.3%
Other income	59,399	28,994	30,405	-1.0%
Other expenses	(4,229)	(2,553)	(1,676)	65.6%
Depreciation and amortisation	(115,442)	(84,352)	(31,090)	36.9%
Administrative expenses	(210,085)	(198,126)	(11,959)	6.0%

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



2018 Interim Results

	1H 2018 HK\$'000	1H 2017 HK\$'000	Change	
			HK\$'000	%
Net finance costs				
Finance cost	(86,575)	(64,457)	(22,118)	-4.3%
Interest income	60,109	28,256	31,853	-9.3%
	(26,466)	(36,201)	9,735	-26.9%
Share of results of associates	362	182	180	n.m.
Share of results of joint ventures	(7,297)	(15,866)	8,569	-54.0%
Profit before taxation	986,958	965,709	21,249	2.2%
Income taxes	(81,273)	(58,834)	(22,439)	10.3%
Net Profit	905,685	906,875	(1,190)	-0.1%
Less: Non-controlling interest	(1,165)	2,772	(3,937)	3.7%
Profit Attributable to Shareholders	906,850	904,103	2,747	0.3%
Basic earnings per share	\$ 1.30	\$ 1.32		-1.5%



2018 Interim Results – Breakdown of Income from Champion REIT

	1H 2018	1H 2017	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Dividend received	480,787	447,365	33,422	7.5%
Asset management income	141,211	127,723	13,488	10.6%
Agency commission income & Property management income	48,877	49,060	(183)	-0.4%
	<u>670,875</u>	<u>624,148</u>	<u>46,727</u>	7.5%
Distribution Per Unit declared in HK\$	0.12530	0.11730		6.8%
Units held by Great Eagle in 000	3,837,085	3,813,985		0.6%



2018 Interim Results – Distribution from LHI

	<u>1H 2018</u>	<u>1H 2017</u>	<u>Change</u>
Distribution Per Share Stapled Unit declared in HK\$	0.090	0.103	-12.6%
Share Stapled Units held by Great Eagle in 000	1,311,471	1,291,181	1.6%
Share Stapled Units entitled to distribution	1,311,471	1,241,181	5.7%
Dividend received in HK'000s	118,032	127,842	-7.7%



Analysis on change on core income

	1H 2018 \$'000
Change in profit from core business after tax	<u>+ HK\$ mn</u> <u>2,747</u>
Arise from:	
Increase in EBITDA from hotels division	59,976
Increase in distribution income and management fee income from Champion REIT	46,727
Decrease in losses of Joint Ventures	8,569
Decrease in net finance cost	9,735
Decrease in distribution income from from LHI	(9,810)
Increase in administration and other expenses	(13,635)
Decrease in operating income from other operations (absence of distribution from China Fund, management fee from US Fund)	(79,943)
Others (mostly due to increased depreciation and taxes)	(18,872)
Change in profit from core business after tax	<u><u>2,747</u></u>



Discount to NAV

Financials

NAV based on statutory accounting principles (Jun 2018)

	HK\$m	HK\$/shr	% of Total
Investment properties	7,501	10.7	11%
Appraised valuation by independent valuer			
	HK\$m		
Hotels	15,676	22.4	23%
All valued at cost less depreciation			
Investment in JVs - Dalian and Miami project	1,346	1.9	2%
Pak Shek Kok Development project (on cost incurred)	3,313	4.7	5%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT:			
-65.76% share of Champion's Net Assets	42,867	61.4	63%
Investment in U.S. Real Estate Fund			
- 49.97% share of Fund's NAV	515	0.7	1%
Investment in Langham Hospitality Investments (LHI):			
Net liabilities from three HK hotels (calculated as book cost of the hotels less debt)	(1,797)	(2.6)	-3%
	41,585	59.5	61%
Other net (liabilities)/assets	(1,489)	(2.1)	-2%
Total	67,932	97.27	100%
Net debt	(370)	(0.53)	
Great Eagle's NAV	67,562	96.74	

Discount to NAV based on share price of HK\$ 38.0

-61%

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	7,501	10.7	10%
Appraised valuation by independent valuer			
	HK\$m		
Hotels	15,676	22.4	20%
All valued at cost less depreciation			
Investment in JVs - Dalian and Miami project	1,346	1.9	2%
Pak Shek Kok Development project (on cost incurred)	3,313	4.7	4%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT:			
-65.76% share of Champion's Net Assets	42,867	61.4	55%
Investment in U.S. Real Estate Fund			
- 49.97% share of Fund's NAV	515	0.7	1%
-62.48% share of LHI's Net Assets			
Based on appraised valuation of LHI's hotels	8,059	11.5	10%
	51,441	73.7	66%
Other net (liabilities)/assets	(1,489)	(2.1)	-2%
Total	77,788	111.39	100%
Net debt	(370)	(0.53)	
Great Eagle's NAV	77,418	110.86	

Discount to NAV based on share price of HK\$ 38.0

-66%



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	68,481	(9,849)	58,632	14.4%	16.8%	1,523	280	5.4
Overseas Assets	12,977	(4,047)	8,930	31.2%	45.3%	338	66	5.1
Group Total	81,458	(13,896) ^(c)	67,562	17.1%	20.6%	1,861	346	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	65,887	3,261	69,148	n/a	n/a	840	6	140.0
Overseas Assets	11,901	(3,631)	8,270	30.5%	43.9%	298	42	7.1
Group Total	77,788	(370) ^(c)	77,418	0.5%	0.5%	1,138	48	23.7

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.



Valuation – Investment properties

Financials

As at the end of June 2018

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Cap rate	Change from end of Dec 2017
Great Eagle Centre				
Office	193,271	26,098	2.9%	3.6%
Retail	55,944	9,939	4.5%	2.6%
3rd floor	20,959	12,835		3.5%
Carparks (nos/unit price)	296	1,250,000		7.9%
Signage (gross value in HK\$mn)		138		-2.8%
Eaton House				
Wanchai Gap Road	34,915	11,199	3.7%	6.3%
Village Road	23,350	10,150	3.5%	4.4%
Blue Pool Road	33,700	11,602	3.2%	2.6%
Convention Plaza apartments	5,817	18,033		6.0%

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

Pipeline hotels:

- ✓ The Langham, Tokyo
- ✓ Two Hotels in San Francisco
- ✓ Eaton Washington D.C.
- ✓ Hotel in Seattle
- ✓ Hotel in Dalian

To open over 2018-2023

North America

-Improved performance led by Revenue and EBITDA growths at The Langham, New York, Fifth Avenue and Chelsea hotel in Toronto.

Europe

-Improve average room rates boosted profit for the Langham London

Australia/New Zealand

-Hotels in Melbourne and Sydney improved, while hotel in Auckland negatively impacted by challenging conditions

China

- Substantial improvement in occupancy at the Cordis, Hongqiao, which turned into profit in 1H 2018.



Hotel portfolio – 1H 2018 Operational Statistics

Occupancy			Average Room Rate			RevPar		
1H 2018	1H 2017	Change	1H 2018	1H 2017	Change	1H 2018	1H 2017	Change

Owned by subsidiary LHI

Hong Kong

The Langham, Hong Kong	90.6%	85.6%	5.0ppt	\$2,270	\$2,086	8.8%	\$2,057	\$1,787	15.1%
Cordis, Hong Kong	95.2%	91.6%	3.6ppt	\$1,749	\$1,590	10.0%	\$1,666	\$1,456	14.4%
Eaton Hotel, Hong Kong	90.3%	96.9%	-6.6ppt	\$1,025	\$945	8.5%	\$925	\$915	1.1%

Wholly-owned hotels

Europe

The Langham, London	74.1%	73.1%	1.0ppt	£336	£307	9.5%	£249	£224	10.9%
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North America

The Langham, Boston	74.7%	75.2%	- 0.5ppt	\$290	\$285	1.7%	\$217	\$215	1.1%
The Langham, Huntington Pasadena	72.2%	70.4%	1.8ppt	\$278	\$284	-2.0%	\$201	\$200	0.4%
The Langham, Chicago	70.1%	69.5%	0.6ppt	\$377	\$370	2.0%	\$265	\$257	3.1%
Langham Place, Fifth Avenue, New York	79.0%	72.1%	6.9ppt	\$509	\$499	2.0%	\$402	\$360	11.7%
Chelsea Hotel, Toronto	79.2%	70.5%	8.7ppt	\$161	\$153	5.0%	\$128	\$108	18.4%

Pacific

The Langham, Melbourne	87.4%	85.7%	1.7ppt	\$314	\$305	3.1%	\$274	\$261	5.0%
The Langham, Sydney	82.3%	79.4%	2.9ppt	\$454	\$431	5.5%	\$374	\$342	9.3%
The Langham, Auckland	77.5%	93.0%	-15.5ppt	\$244	\$245	-0.2%	\$189	\$227	-16.9%

China

The Langham, Xintiandi, Shanghai	81.1%	71.0%	10.1ppt	¥ 1,671	¥ 1,743	-4.1%	¥ 1,355	¥ 1,237	9.5%
Cordis, Hongqiao*	49.8%	22.7%	27.1ppt	¥ 890	¥ 875	1.7%	¥ 443	¥ 199	122.6%

* Soft-opened in May 2017



Hotel portfolio – 1H 2018 Room and F&B revenue growth (in local currency)

	Room revenue growth YTD-June 2018	F&B revenue growth YTD-June 2018
The Langham, London	12%	18%
The Langham, Boston	1%	-14%
The Langham, Huntington Pasadena	1%	-2%
The Langham, Chicago	3%	-13%
The Langham, Fifth Avenue, New York	32%	29%
Delta Chelsea Toronto	18%	-1%
The Langham, Melbourne	5%	-5%
The Langham, Sydney	9%	13%
Cordis, Auckland	-17%	-7%
The Langham, Xintiandi, Shanghai	9%	-9%



Hotel portfolio – Profit contribution

Owned Hotels

	1H 2018 in 'mn in LC	1H 2017 in 'mn in LC	Change	in HK\$	
				1H 2018 in 'mn	Contribution to hotel profits
Europe	£4.6	£4.0	14.5%	49.3	16%
UK (The Langham, London)					
North America					
U.S. (The Langham, Boston, Chicago, New York and The Langham, Huntington, Pasadena)	US\$6.1	US\$5.9	3.4%	48.2	16%
Canada (Chelsea)	C\$13.1	C\$9.7	35.1%	80.3	26%
Australia/New Zealand					
Australia (The Langham, Melbourne and Sydney)	A\$6.3	A\$5.7	10.5%	37.8	12%
New Zealand (The Langham, Auckland)	N\$4.5	N\$7.6	-40.8%	25.1	8%
China					
The Langham, Xintiand and Cordis, Hongqiao	RMB54.8	RMB31.1	76.2%	67.4	22%
Total in HK\$' mn	\$308.0	\$252.5	22.0%	308.1	100%



Hotel portfolio – Currency impact

	<u>Jun-18</u>	<u>Jun-17</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	10.7796	9.7830	10.2%	5.8
CAD	6.1363	5.8364	5.1%	4.6
AUD	6.0450	5.8750	2.9%	1.4
USD	7.8378	7.7736	0.8%	0.6
NZD	5.6056	5.5034	1.9%	0.6
RMB	1.2305	1.1307	8.8%	6.4
Total				HK\$ 19.3 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





Hotel pipeline

2018	Rooms	Status
Eaton, Washington D.C.	209	Owned hotel
The Langham, Hefei	322	Agreement
2019	Rooms	Status
The Langham, Colombo	50	Agreement
The Langham, Chongqing	174	Agreement
Cordis, Hangzhou	184	Agreement
Cordis, Ningbo, Dongqian Lake	162	Agreement
The Langham, Changsha	296	Agreement
Cordis, Shanghai East Bund	161	Agreement
The Langham, Lusail Doha	238	Agreement
The Langham, Jakarta	225	Agreement
2020 and after	Rooms	Status
The Langham, Tokyo	280	Owned hotel
The Langham, Dubai	163	Agreement
The Langham, Jeddah	278	Agreement
Eaton, San Francisco	180	Owned hotel
Cordis, Dongguan	235	Agreement
The Langham, Bangkok	250	Agreement
The Langham, Chengdu	200	Agreement
The Langham, San Francisco	240	Owned hotel
The Langham, Nanjing	230	Agreement
The Langham, Dalian	360	50% interest
A hotel in Seattle	To be confirmed	Owned hotel

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

Investment properties





1H 2018 - Rental income breakdown

	Gross rental income			Net rental income		
	1H 2018	1H 2017	Growth (%)	1H 2018	1H 2017	Growth (%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	71.0	69.1	2.7	69.6	67.6	3.0
Eaton Residence Apartments	27.7	26.2	5.7	18.2	17.0	7.3
Others* (Building mgt income, rental income at and convention plaza)	15.6	18.5	(15.6)	2.3	1.8	27.8
Total	114.3	113.8	0.4	90.1	86.4	4.3

* 2700 Ygnacio was sold in early 2017

- In 1H 2018, overall net rental income from our investment properties rose by 4.3% to HK\$90.1 million.
- Great Eagle experienced a full office occupancy as at the end of June 2018. As asking rents rose, there was a 2.7% growth in the average passing rent for the leased office space at Great Eagle Centre, which increased from HK\$66.3 per sq. ft. as at June 2017 to HK\$68.1 per sq. ft. as at June 2018.
- Increased demand from the corporate segment helped boost the occupancy of the portfolio from 83.1% in the first half of 2017 to 86.1% in the first half of 2018. Average net passing rent for the three serviced apartments rose by 4.5% to HK\$32.3 per sq. ft. on gross floor area in the first half of 2018, as compared with HK\$30.9 per sq. ft. in the first half of 2017.



U.S. Fund

The Austin, San Francisco

The development project has completed in December 2017 and as at the end of June 2018, 78 out of a total 100 residential units have been sold, whereas the profitability of this small project would be minimal.

Cavalleri, Malibu

Renovation works completed by the first quarter of 2018. While the project has been launched to the market, the responses for an en-bloc sale to institutional buyers have not been too keen thus far. As such, there will be more active marketing of the project towards individual buyers. A loss is expected to be incurred for this investment.

Dexter Horton, Seattle

As technology companies are still expanding in down town Seattle, rental rates have been trending up now and the Fund anticipates there will be further rental increases going forward. Hence, instead of putting the building on offer, the Fund has decided to retain the property for the time being.

There was an absence of asset management fee income from the U.S. Fund for the first half of 2018, which reflect a revised incentive structure to improve alignment of interest as the Fund has entered into its divestment phase. The Group will book incentive management fee and/or disposal fee income, if any, when assets are being disposed of.



Development projects

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Dalian Mixed-use Development Project

- During the first half of 2018, 64 apartments were sold at an average selling price of approximately RMB18,000 per sq. m., but as the majority of sales are at presale stage, revenue was recognised for only 5 apartments completed and handed over to buyers in the first half of 2018.

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 main superstructure works commenced in July 2017 and scheduled to complete by the end of 2019. The project is expected to complete in early 2020 with pre-sale of the residential apartments will be in second half of 2019 at the earliest.

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 1125 Market Street and 1931 Second Avenue, 555 Howard will not commence as plan as studies are being carried out to further optimize project's efficiency.



Outlook for the Group's results

As for the Hotels Division, growth for EBITDA of the overseas hotels in the second half of the year is expected to continue, although its pace will become slower as there will be a one-off pre-opening charge for the Eaton, Washington D.C. Nonetheless, the increase in EBITDA of the newly opened hotel, the Cordis, Hongqiao, and expected pick up in EBITDA of the renovated hotels will more than offset additional expense incurred in the second half of the year.

For Champion REIT, The high base effect in the second half of 2017 would present a challenging outlook for the second half of this year. Though the base rents of the Mall are expected to remain stable, volatilities in the turnover rents portion could affect the overall rental income.

For LHI, earnings of the Eaton HK will still be affected as new facilities are ramped up for operation, which will continue to impact on its distributable income in the second half 2018.



Reconciliation to core earnings from reported

	Reported earnings 1H 2018 HK\$'000	Core earnings 1H 2018 HK\$'000	Core earnings 1H 2017 HK\$'000	
Gross Revenue				
Rental Income				
- HK	101,368	101,368	99,785	
- Overseas	-	-	1,270	
- Building mgt fee inc	12,952	12,952	12,725	
Hotel Income				
- HK hotels revenue	761,058	-	-	- Core revenue ignores revenue of HK hotels after the spin off
- Overseas	1,972,912	1,972,912	1,740,348	
- Others	87,571	87,571	80,151	
Income from Champion REIT				
- Management fee income	190,088	190,088	176,783	- Ignore, core profit base on distributions
- Gross rental income	1,444,775			- Add back distributions of Champion REIT
- Distributions		480,787	447,365	
Income from Langham Hosp. Investments				
- Gross rental income	284,637			- Ignore, core profit base on distributions
- Distributions		118,032	127,842	- Add back distributions of LHI
Income from U.S. Real Estate Fund	452,691			- Ignore, core profit base on distributions
Other Operations	182,010	182,010	251,427	
Elimination of intra-group transactions	(522,331)			- Ignore intra-group elimination associated with CREIT, LHI and US fund
Revenue	<u>4,967,731</u>	<u>3,145,720</u>	<u>2,937,696</u>	



Reconciliation to core earnings from reported

	Reported earnings 1H 2018 HK\$'000	Core earnings 1H 2018 HK\$'000	Core earnings 1H 2017 HK\$'000	
Net Operating Income				
Net Rental Income - HK	90,142	90,142	86,028	
- Overseas	-	-	407	
Hotel Income - Overseas	308,003	308,003	252,493	
- Others	49,851	49,851	45,385	
Income from Champion REIT				
- Management fee income	190,088	190,088	176,783	
- Net rental income	1,035,550			- Ignore net rental income, core profit base on distributions
- Distributions		480,787	447,365	- Add back distributions of Champion REIT
Income from Langham Hosp. Investments	271,063			- Ignore income of the HK hotels, base on distributions
- Distributions		118,032	127,842	- Add back distributions of LHI
Operating income from U.S. Real Estate Fund	44,766			- Ignore operating income of US fund, core profit base
Other Operations	53,813	53,813	137,328	on distributions
Elimination of intra-group transactions	(6,339)			
Operating profit	2,036,937	1,290,716	1,273,631	



Reconciliation to core earnings from reported

	Reported earnings 1H 2018 HK\$'000	Core earnings 1H 2018 HK\$'000	Core earnings 1H 2017 HK\$'000	
Operating profit before Dep. and Amortisation	2,036,937	1,290,716	1,273,631	
Depreciation and amortisation	(359,905)	(115,442)	(84,352)	- Exclude depreciation of CREIT and LHI, add back depreciation, relating to hotel land and buildings
Fair value changes on investment properties	4,244,070			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	887			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	(8,003)			- Ignored in core earnings calculation
Other income (excluding interest income)	50,876	59,399	28,994	- Ignore other income of CREIT, LHI and the US fund added realised gains on sale of long term equity securities
Administrative expenses and other expenses	(237,626)	(214,314)	(200,679)	- Exclude admin. expense of CREIT, LHI and US fund



Reconciliation to core earnings from reported

	Reported earnings 1H 2018 HK\$'000	Core earnings 1H 2018 HK\$'000	Core earnings 1H 2017 HK\$'000	
Net finance costs				
Finance cost	(384,814)	(86,575)	(64,457)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	70,956	60,109	28,256	- Exclude interest income of CREIT, LHI, US fund
	(313,858)	(26,466)	(36,201)	
Share of results of associates	362	362	182	
Share of results of joint ventures	(7,297)	(7,297)	(15,866)	
Profit before tax	5,406,443	986,958	965,709	
Income taxes	(246,548)	(81,273)	(58,834)	- Exclude taxes of CREIT, LHI and US fund
Net Profit	5,159,895	905,685	906,875	
Less: Non-controlling interest	1,672,105	(1,165)	2,772	- Exclude non-controlling interest of CREIT, LHI and US fund
Profit Attributable to Shareholders	3,487,790	906,850	904,103	
Basic earnings per share	\$ 4.99	\$ 1.30	\$ 1.32	