



Great Eagle Holdings
Investor Presentation Q1 2020



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 December 2019
- Strong financial position as at the end of December 2019

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 2019 Final Results

- In response to a challenging operating environment in 2019, especially in the second half, we remain focused on implementing our cautious stance on acquisition of land in Hong Kong, and continued execution of our existing development and redevelopment projects. In July, we launched ONTOLO, our luxury residential project in Pak Shek Kok, for pre-sale. Sale of the initial batch which comprised mostly smaller units was met with an overwhelmingly positive response, but sale of the bigger units slowed down in the last quarter due to civil unrest. The profits will be recognised in the 2020 results after the units are handed over to buyers tentatively from July onward. On project disposal, we disposed of our non-core investment in the Dalian mixed-use development project in July.
- On acquisition, in December 2019, we have acquired a site in Venice for the development of our luxury Langham hotel. This investment is part of the Group's strategies to own hotels in strategic gateway cities that will anchor our hotel brand.
- As for the 2019 results, revenue based on core business of the Group dropped 2.4% to HK\$6,498.4 million in 2019. Core operating income declined by 4.7% to HK\$2,710.6 million in 2019 due to lower distribution income from LHI and a decline in the Hotels' EBITDA. Decline in Hotels' EBITDA was led by losses incurred at The Langham, Boston, as it undergoes a major renovation, followed by increased top-up in rental payment to our 63.45% held LHI.
- Other income of the Group declined by 91.6% to HK\$9.2 million in 2019, due to a high base for comparison as 2018 results included HK\$86.0 million income from the sale of historical tax credits related to the Chicago property. Administrative and other expenses increased by 32.5% to HK\$615.3 million in 2019, attributable to pre-sale expenses incurred for the Pak Shek Kok luxury residential project and a write-off of fixed assets related to renovation works at The Langham, Boston. The Group was in a net interest income position amounting to HK\$9.9 million in 2019 as interest income rose 34.7% to HK\$177.8 million in 2019.
- Share of profits of joint ventures in 2019 came to HK\$43.9 million, attributable to the booking of the partial attributable gain amounting to HK\$73 million upon the sale of the Dalian development project. Profit attributable to equity holders declined by 13.3% to HK\$1,731.0 million in 2019.



2019 Final Results

	2019	2018	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue				
Rental Income	218,632	230,841	(12,209)	-5.3%
Hotel Income				
- Overseas	4,108,518	4,214,631	(106,113)	-2.5%
- Others	141,400	178,387	(36,987)	-20.7%
Income from Champion REIT*	1,460,817	1,405,705	55,112	3.9%
Income from Langham Hosp. Investments*	163,831	258,398	(94,567)	-36.6%
Other Operations	405,248	373,683	31,565	8.4%
	6,498,446	6,661,645	(163,199)	-2.4%

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



2019 Final Results

	2019	2018	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Net Rental Income	168,204	182,285	(14,081)	-7.7%
Hotel Income				
- Overseas	753,721	731,901	21,821	3.0%
- Others	26,096	122,404	(96,308)	-78.7%
Income from Champion REIT*				
- Asset management	297,677	288,639	9,038	3.1%
- Dividend income	1,036,439	1,008,892	27,547	2.7%
- Other mgt income	126,701	108,174	18,527	17.1%
Income from Langham Hosp. Investments*				
- Dividend income	163,831	258,398	(94,567)	-36.6%
Other Operations	137,906	144,343	(6,437)	-4.5%
Income before expenses	2,710,575	2,845,035	(134,460)	-4.7%
Other income	9,177	109,398	(100,221)	-91.6%
Depreciation and amortisation	(305,659)	(225,182)	(80,477)	35.7%
Administrative and other expenses	(615,257)	(464,255)	(151,002)	32.5%

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



2019 Final Results

	2019	2018	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(167,884)	(174,879)	6,995	-4.0%
Interest income	177,767	131,999	45,768	34.7%
	9,883	(42,880)	52,763	-123.0%
Share of results of associates	1,191	773	418	54.1%
Share of results of joint ventures	43,860	(10,389)	54,249	-522.2%
Profit before taxation	1,853,770	2,212,500	(358,730)	-16.2%
Income taxes	(119,453)	(217,635)	98,182	n.m.
Net Profit	1,734,317	1,994,865	(260,548)	-13.1%
Less: Non-controlling interest	(3,328)	561	(3,889)	-693.2%
Profit Attributable to Shareholders	1,730,989	1,995,426	(264,437)	-13.3%
Basic earnings per share	\$ 2.45	\$ 2.86		



2019 Final Results – Breakdown of Income from Champion REIT

	2019	2018	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Asset management income	297,677	288,639	9,038	3.1%
Dividend received	1,036,439	1,008,892	27,547	2.7%
Agency commission income & Property management income	126,701	108,174	18,527	17.1%
	<u>1,460,817</u>	<u>1,405,705</u>	<u>55,112</u>	<u>3.9%</u>
Distribution Per Unit declared in HK\$	0.26660	0.26170		1.9%
Units held by Great Eagle in 000's	3,888,684	3,858,724		0.8%



2019 Final Results – Distribution from LHI

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Distribution Per Share Stapled Unit declared in HK\$	0.121	0.195	-37.9%
Share Stapled Units held by Great Eagle in 000	1,354,942	1,327,704	2.1%
Dividend received in HK'000s	163,831	258,398	-36.6%



Analysis on change on core income

	2019
	\$'000
Change in profit from core business after tax	<u>(264,437)</u>
Arise from:	
Increase in administration and other expenses (including pre-sale expenses for ONTOLO, FF&E write off relating to The Langham Boston)	(151,002)
Decrease in "Other income" (Absence of sale of historical tax credit income in 2019)	(100,221)
Decrease in distribution income from LHI	(94,567)
Increase in depreciation	(80,477)
Decrease in hotels EBITDA	(74,487)
Decrease in net rental income and income from other business operations	(20,518)
Decrease in income taxes	98,182
Increase in dividend and management income from Champion REIT	55,112
Changes in share of results of associates and JVs (partial gain booked from sale of Dalian project)	54,667
increase in interest income	45,768
Others	3,106
Change in profit from core business after tax	<u>(264,437)</u>



Discount to NAV

Financials

NAV based on statutory accounting principles (Dec 2019)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	7,447	10.5	11%
Hotels All valued at cost less depreciation	16,122	22.8	24%
Investment in JVs - Dalian and Miami project	201	0.3	0%
Pak Shek Kok Development project (on cost incurred)	5,231	7.4	8%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: -66.22% share of Champion's Net Assets	43,452	61.3	64%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	375	0.5	1%
Investment in Langham Hospitality Investments (LHI): Net liabilities from three HK hotels (calculated as book cost of the hotels less debt)	(2,136)	(3.0)	-3%
	41,691	58.9	61%
Other net (liabilities)/assets	(2,458)	(3.5)	-4%
Total	68,234	96.32	100%
Net cash/(debt)	688	0.97	
Great Eagle's NAV	68,922	97.29	
Discount to NAV based on share price of HK\$ 24.00		-75%	

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	7,447	10.5	10%
Hotels All valued at cost less depreciation	16,122	22.8	21%
Investment in JVs - Dalian and Miami project	201	0.3	0%
Pak Shek Kok Development project (on cost incurred)	5,231	7.4	7%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: -66.22% share of Champion's Net Assets	43,452	61.3	57%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	375	0.5	0%
-63.45% share of LHI's Net Assets Based on appraised valuation of LHI's hotels	6,339	8.9	8%
	50,166	70.8	65%
Other net (liabilities)/assets	(2,458)	(3.5)	-3%
Total	76,709	108.29	100%
Net cash/(debt)	688	0.97	
Great Eagle's NAV	77,397	109.26	
Discount to NAV based on share price of HK\$ 24.00		-78%	



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	68,367	(9,945)	58,422	14.5%	17.0%	2,871	670	4.3
Overseas Assets	13,063	(2,563)	10,500	19.6%	24.4%	595	73	8.2
Group Total	81,430	(12,508) ^(c)	68,922	15.4%	18.1%	3,466	743	4.7

(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	63,925	3,345	67,270	n/a	n/a	1,505	12	125.4
Overseas Assets	12,749	(2,657)	10,092	20.8%	26.3%	647	61	10.6
Group Total	76,674	688 ^(c)	77,362	n/a	n/a	2,152	73	29.5

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\$979 mn as at the end of 2019.



Valuation – Investment properties

Financials

As at the end of Dec 2019

Hong Kong investment properties

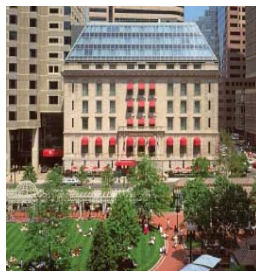
	GFA (Sqft)	Valuation HK\$/psf	Cap rate	Change from end of June 2019
Great Eagle Centre				
Office	193,271	25,958	2.9%	-2.8%
Retail	55,944	9,813	4.5%	-2.3%
3rd floor	20,959	12,739		-2.9%
Carparks (nos/unit price)	296	1,300,676		0.8%
Signage (gross value in HK\$m)		132		-3.6%
Eaton House				
Wanchai Gap Road	34,915	10,969	3.7%	-2.1%
Village Road	23,350	10,064	3.5%	-0.8%
Blue Pool Road	33,700	11,276	3.2%	-2.8%
Convention Plaza apartments	5,817	17,053		-5.4%

Langham Hospitality Group





The Langham, London



The Langham, Boston



The Langham, Melbourne



The Langham, Sydney



Cordis, Auckland



Cordis, Hongqiao



The Langham, Pasadena



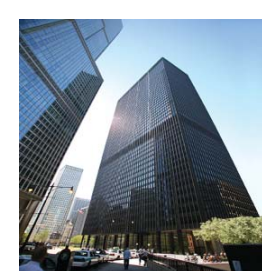
The Langham, Xintiandi



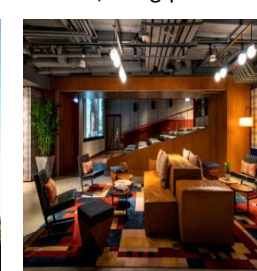
Chelsea Hotel, Toronto



The Langham, New York



The Langham, Chicago



Eaton, Washington D.C.

North America

-Improved performance of The Langham, Chicago and The Langham Pasadena, as well as reduced loss at Eaton Washington D.C. mostly offset by loss incurred by The Langham, Boston, following its closure for a major renovation

Europe

-Improved average room rates boosted profit for the Langham London

Australia/New Zealand

- Performance of The Langham, Sydney was steady, reduced demand negatively impacted performance of The Langham Melbourne and road works nearby impacted performance of Cordis, Auckland

China

- Improved performance at the Cordis, Hongqiao due to ramped up partially offset by weakened performance of The Langham, Xintiandi



Hotel portfolio – 2019 Operational Statistics

Owned by subsidiary LHI

Hong Kong

The Langham, Hong Kong

Cordis, Hong Kong

Eaton Hotel, Hong Kong

Wholly-owned hotels

Europe

The Langham, London

North America

The Langham, Boston

The Langham, Huntington Pasadena

The Langham, Chicago

The Langham, Fifth Avenue, New York

Eaton, Washington D.C.*

Chelsea Hotel, Toronto

Australia/New Zealand

The Langham, Melbourne

The Langham, Sydney

Cordis, Auckland

China

The Langham, Xintiandi, Shanghai

Cordis, Hongqiao

* Soft-opened in August 2018

	YTD Occupancy			YTD Average Room Rate			YTD RevPar		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
The Langham, Hong Kong	75.3%	91.2%	-15.9%	\$1,955	\$2,336	-16.3%	\$1,472	\$2,130	-30.9%
Cordis, Hong Kong	73.1%	95.0%	-21.9%	\$1,656	\$1,806	-8.3%	\$1,210	\$1,715	-29.5%
Eaton Hotel, Hong Kong	71.6%	87.0%	-15.4%	\$950	\$1,114	-14.8%	\$679	\$969	-29.9%
The Langham, London	80.3%	79.6%	0.7%	£390	£366	6.4%	£313	£292	7.3%
The Langham, Boston	59.2%	73.7%	-14.5%	\$233	\$310	-24.9%	\$138	\$229	-39.6%
The Langham, Huntington Pasadena	71.8%	71.7%	0.1%	\$281	\$283	-0.7%	\$202	\$203	-0.6%
The Langham, Chicago	78.0%	75.4%	2.6%	\$407	\$402	1.3%	\$317	\$303	4.8%
The Langham, Fifth Avenue, New York	83.6%	80.4%	3.2%	\$578	\$578	0.0%	\$483	\$465	4.0%
Eaton, Washington D.C.*	55.3%	37.7%	17.6%	\$253	\$239	5.9%	\$140	\$90	55.4%
Chelsea Hotel, Toronto	77.6%	82.7%	-5.1%	\$173	\$170	1.9%	\$134	\$140	-4.4%
The Langham, Melbourne	87.1%	87.7%	-0.6%	\$308	\$313	-1.6%	\$268	\$274	-2.2%
The Langham, Sydney	82.1%	82.0%	0.1%	\$464	\$461	0.8%	\$381	\$378	0.9%
Cordis, Auckland	81.6%	79.8%	1.8%	\$225	\$235	-4.1%	\$184	\$187	-2.0%
The Langham, Xintiandi, Shanghai	81.7%	81.8%	-0.2%	¥ 1,590	¥ 1,670	-4.8%	¥ 1,299	¥ 1,367	-5.0%
Cordis, Hongqiao	64.3%	54.3%	10.0%	¥ 934	¥ 926	0.9%	¥ 601	¥ 503	19.5%



Hotel portfolio – 2019 Room and F&B revenue growth (in local currency)

	Room revenue growth 2019	F&B revenue growth 2019
The Langham, London	7%	6%
The Langham, Boston (closed from April 2019 for renovations)	-85%	-82%
The Langham, Huntington Pasadena	-1%	13%
The Langham, Chicago	5%	4%
The Langham, Fifth Avenue, New York	4%	10%
Eaton, Washington DC (soft opened in August 2018)	347%	715%
Chelsea Hotel, Toronto	-4%	-7%
The Langham, Melbourne	-2%	-2%
The Langham, Sydney	0%	21%
Cordis, Auckland	-5%	4%
The Langham, Xintiandi, Shanghai	-5%	1%
Cordis, Hongqiao, Shanghai	20%	21%



Hotel portfolio – Profit contribution

		in HK\$		
	2019 in mn	2018 in mn	Change	Contribution to hotel profits
<u>Owned Hotels</u>				
Europe				
UK (The Langham, London)	178.9	156.7	14.2%	24%
North America				
U.S. (The Langham in Boston, Chicago, New York, Pasadena and Eaton Washington D.C.)	304.1	290.0	4.9%	40%
Canada (Chelsea)				
Australasia				
Australia (The Langham, Melbourne and Sydney)	113.3	134.2	-15.6%	15%
New Zealand (Cordis, Auckland)				
China				
Shanghai (Langham Xintiandi and Cordis, Hongqiao)	157.4	151.0	4.2%	21%
<u>Total</u>	\$753.7	\$731.9	3.0%	100%



Hotel portfolio – Currency impact

	<u>2019</u>	<u>2018</u>	yoy change	Variance in profit contribution (in HK\$ mn)
GBP	10.0023	10.4564	-4.3%	(8.1)
CAD	5.9062	6.0493	-2.4%	(4.5)
AUD	5.4456	5.8577	-7.0%	(4.8)
USD	7.8355	7.8378	0.0%	(0.0)
NZD	5.1634	5.4223	-4.8%	(2.5)
RMB	1.1341	1.1855	-4.3%	(7.1)
Total				- HK\$ 27.0 mn



Hotel pipeline

Hotels under Pure Hotel Management Contracts		Year opened
The Langham, Shenzhen	352	2012
Cordis, Beijing Capital Airport	372	2010
Langham Place Guangzhou	500	2013
Langham Place, Ningbo Culture Plaza, Ningbo	143	2014
Langham Place, Xiamen	327	2014
Langham Place, Haining	263	2015
The Langham Haikou	249	2016
The Langham, Hefei	339	2018
Cordis, Dongqian Lake, Ningbo	238	2019
Pipeline Hotels	Rooms	Expected opening year
The Langham, Changsha	296	2020
The Langham, Jakarta	224	2020
The Langham, Gold Coast	341	2020
Cordis, Shanghai East Bund	161	2020
Cordis, Hangzhou	184	2020
The Langham Turtle Bay, Queensland, Australia	70	2021
Cordis, Yuhu Lake, Chongqing	202	2021
The Langham, Chengdu	240	2022
Cordis International Cruise Terminal, Baoshan, Shanghai	300	2022
Cordis Hangzhou Xianghu Lake	166	2018
The Langham, Nanjing	230	2023
The Langham Adelaide	146	2023
Cordis, Xiamen	400	2023

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

Investment properties





2019 - Rental income breakdown

	Gross rental income		Growth	Net rental income		Growth
	2019	2018	(%)	2019	2018	(%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	135.3	142.4	(5.0)	131.2	139.8	(6.1)
Eaton Residence Apartments	51.3	57.0	(10.1)	31.0	37.6	(17.5)
Others (Building mgt income, rental income from convention plaza apartments and U.S. properties)	32.0	31.4	1.9	6.0	4.9	22.4
Total	218.6	230.8	(5.3)	168.2	182.3	(7.7)

- In 2019, overall net rental income from our investment properties dropped by 7.7% to HK\$168.2million.
- Decrease in net rental income at Great Eagle Centre was primarily due to a 12% reduction in available lettable area, as the Group took up more space for its in-house expansion.
- Reduced demand for serviced apartments and guest houses amid Hong Kong's social unrest has led to lower and passing rent of the portfolio in 2019, resulting in a decline in net rental income for 2019.



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, 91 were sold and handed to buyers by the end of 2019. 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. Since offers received so far for an en-bloc sale of the project did not meet our minimum acceptable price, the Fund has decided to change its strategy to lease out the units as luxury rental apartments instead. Thus far, 10 leases were signed with another 2 leases under active negotiations.

Dexter Horton, Seattle

The U.S. Fund took advantage of a strong office market in Seattle, and disposed of the property for US\$151 million in December 2018 with closing of the sale in January 2019. However, the Fund has decided not to make a distribution in 2019 in order to retain liquidity in case of difficulty in loan refinancing in relation to the Fund's other development projects.



Development projects

Dalian Mixed-use Development Project

- The Group successfully sold all the remaining unsold units of Phase I together with the site for Phase II of the project in July 2019. Gain on sale attributable to the Group will be booked in two stages, with HK\$73 million booked in the second half of 2019, and remaining profit of approximately HK\$180 million only upon receipt of residual amount.

Tokyo Hotel Redevelopment Project

- Planning application has been submitted to the local government, and the contractor tender process has commenced in May 2019. However, as preliminary submissions received exceeded the budgeted amount, works are currently being undertaken to reduce construction costs to fall within the budgeted sum. Construction will commence after resolution of such matter.

Pak Shek Kok Residential Development Project

- The presale permit was approved in June 2019 and the first batch of the project for pre-sale was launched in July 2019. Our first launch has been well received and accumulated sales have reached over half of our total unit count as at the end of 2019.

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 2020, we will continue selling the remaining units at ONTOLO in Pak Shek Kok, but we expect the pace of sales will be significantly slower than last year.
- For LHI, a dramatic slowdown in travel to Hong Kong will severely affects its hotel businesses in 2020. It is expected that the drastic slowdown in inbound tourists will severely lower the distributable income from LHI.
- As for the Hotels Division, we expect EBITDA for the overall overseas hotels will slow down in 2020. The slowdown will be led by our hotels in China which have witnessed significantly lowered occupancies in the first two months of 2020 amid the lockdowns imposed by its government. Furthermore, we will suffer from even higher top-up rental payment in 2020 as LHI's hotels are in such a dire situation since the COVID-19 outbreak. The top-up in rental payment is included under the "others" segment of the Hotels EBITDA.
- For Champion REIT, its office portfolio is expected to generate a stable income in 2020. However, the further devastated retail market would lead to a lower distribution per unit.
- Overall, we expect the Group's core recurring income to decline in 2020 and possibly in the medium term, but 2020's results will be lifted by gains from the sold units at ONTOLO, our luxury residential development project in Pak Shek Kok.



Reconciliation to core earnings from reported

		Reported earnings 2019 HK\$'000	Core earnings 2019 HK\$'000	Core earnings 2018 HK\$'000	
Gross Revenue					
Rental Income	- HK	218,632	218,632	230,841	
	- Gross Revenue from U.S. Fund	47,046	-	-	- Core revenue ignore gross revenue of the US fund
Hotel Income	- HK hotels revenue	1,350,255			
	- Overseas hotels	4,108,518	4,108,518	4,214,631	- Core revenue ignore revenue of Hong Kong hotels
	- Others, including Hotel mgt fee	141,400	141,400	178,387	
Income from Champion REIT					
	- Management fee income	424,378	424,378	396,813	
	- Gross rental income	3,080,670			- Ignore, core profit base on distributions
	- Distributions		1,036,439	1,008,892	- Add back distributions
Income from Langham Hosp. Investments					
	- Gross rental income	552,079			- Ignore, core profit base on distributions
	- Distributions		163,831	258,398	- Add back distributions
Other Operations		405,248	405,248	373,683	
Elimination of intra-group transactions		(1,091,398)			- Ignore inter-group eliminations associated with CREIT, LHI and US fund
Revenue		<u>9,236,828</u>	<u>6,498,446</u>	<u>6,661,645</u>	



Reconciliation to core earnings from reported

	Reported earnings 2019 HK\$'000	Core earnings 2019 HK\$'000	Core earnings 2018 HK\$'000	
Net Operating Income				
Net Rental Income				
- HK	168,204	168,204	182,285	
- Net operating income from U.S. Fund	(43,074)	-	-	- Ignore, core profit base on distributions of the US fund
Hotel Income				
- Overseas	753,721	753,721	731,901	
- Others	26,096	26,096	122,404	
- Net rental income from LHI	448,300			- Ignore, core profit base on distributions - Core profit is after intergroup transactions
Income from Champion REIT				
- Management fee income	424,378	424,378	396,813	
- Net rental income	2,182,965			- Ignore, core profit base on distributions
- Distributions		1,036,439	1,008,892	- Add back distributions
Income from Langham Hosp. Investments				
- Distributions		163,831	258,398	- Add back distributions
Other Operations				
- Inter-group adjustments under statutory accounts	137,906 (56,620)	137,906	144,343	- Core profit for other operations is after intergroup transactions
Operating profit	4,041,876	2,710,575	2,845,035	



Reconciliation to core earnings from reported

	Reported earnings 2019 HK\$'000	Core earnings 2019 HK\$'000	Core earnings 2018 HK\$'000	
Operating profit before Dep. and Amortisation	4,041,876	2,710,575	2,845,035	
Depreciation and amortisation	(768,529)	(305,659)	(225,182)	- Exclude depreciation of CREIT, LHI & US Fund, add back depreciation relating to hotel land and buildings
Fair value changes on investment properties	(2,146,787)			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	(51,302)			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	24,837			- Ignored in core earnings calculation
Other income (excluding interest income)	8,217	9,177	109,398	- Exclude other income/expenses of CREIT, LHI & US fund
Administrative and other expenses	(639,039)	(615,257)	(464,255)	- Exclude administrative and other expense relating to CREIT, LHI & US fund



Reconciliation to core earnings from reported

	Reported earnings 2019 HK\$'000	Core earnings 2019 HK\$'000	Core earnings 2018 HK\$'000	
Net finance costs				
Finance cost	(884,425)	(167,884)	(174,879)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	223,818	177,767	131,999	- Exclude interest income of CREIT, LHI and US fund
	(660,607)	9,883	(42,880)	
Share of results of associates	1,191	1,191	773	
Share of results of joint ventures	43,860	43,860	(10,389)	
Profit before tax	(146,283)	1,853,770	2,212,500	
Income taxes	(429,789)	(119,453)	(217,635)	- Exclude taxes of CREIT, LHI and US fund,
Net Profit	(576,072)	1,734,317	1,994,865	and taxes related to fair value change on IP
Less: Non-controlling interest	238,282	3,328	(561)	- Exclude non-controlling interest of CREIT, LHI and US fund
Profit Attributable to Shareholders	(337,790)	1,730,989	1,995,426	
Basic earnings per share	\$ (0.48)	\$ 2.45	\$ 2.86	