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Great Eagle Holdings
Investor Presentation Q3 2021



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 from HK\$20bn in 2006 to HK\$65bn in 2021
- Strong financial position as at the end of June 2020

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 2021 Interim Results

- In February 2021, the Group successfully acquired the development rights for a luxury residential project in Ho Man Tin, Hong Kong. The Group has assumed all project costs, including outstanding land premiums and loans drawn. The Group's return from the project comprises; (i) a share of development profits; (ii) project management and other professional fees; and (iii) financial charges including a fixed interest rate on all capital which the Group injected for the project. We expect presale of the project to start in 2023 with completion by end of 2024.
- The Group has also completed the development of a new tower with 244 hotel rooms located next to our Cordis, Auckland in the third quarter of 2021, as the Group took advantage of an underutilised plot ratio available at the site. And The Langham, Boston, reopened in late June 2021 following the completion of a major renovation programme that was delayed due to COVID-19.
- As for the Group's interim results, loss before interest, taxes and depreciation of the Hotels Division narrowed to HK\$270.6 million in the first half of 2021. As LHI generated an insignificant amount of distribution income, the Trust Group did not declare a distribution for the first half of 2021. Distribution income from Champion REIT dropped by 0.7% year-on-year to HK\$478.5 million for the first half of 2021. Meanwhile, management fee income from Champion REIT fell by 3.0% year-to-year to HK\$185.6 million. Net rental income from our investment portfolio dropped by 23.4% year-on-year to HK\$54.3 million in the first half period. Performance from the Group's other business operations rose 4.2% to HK\$54.4 million in the first half of 2021. Nonetheless, the Group's operating income rose 110.9% to HK\$926.5 million in the first half of 2021, driven by a HK\$424.3 million operating income booked for the 75 units at ONTOLO that were delivered to buyers during that period.
- Administration and other expenses fell 31.5% to HK\$191.2 million in the first half of 2021 amidst stringent cost controls, whereas net finance expense amounted to HK\$30.3 million during the reporting period. Share of losses from joint ventures came to HK\$6.0 million in the first half of 2021 due to our share of outstanding construction costs booked in relation to the Miami project. Core profit attributable to equity holders rose by 502.4% to HK\$534.9 million in the first half of 2021.
- During the third quarter of 2021, the Group successfully established a Medium Term Note Programme, which will allow the Group to take advantage of a potential buoyant funding market and provide it with more diverse and flexible funding channels.



2021 Interim Results

	1H 2021	1H 2020	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue				
Property sales	957,622		957,622	n.a.
Rental Income				
- HK	64,635	83,308	(18,673)	-22.4%
- Building mgt fee	11,765	13,402	(1,637)	-12.2%
Hotel Income				
- - Overseas	676,186	705,191	(29,005)	-4.1%
- Others	49,674	28,992	20,682	71.3%
Income from Champion REIT*	664,144	673,509	(9,365)	-1.4%
Income from Langham Hosp. Investments*	-	-	-	
Other Operations	139,794	161,907	(22,113)	-13.7%
	2,563,820	1,666,309	897,511	53.9%

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



2021 Interim Results

	1H 2021	1H 2020	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Property sales	424,277		424,277	n.a.
Net Rental Income - HK	54,254	70,934	(16,680)	-23.5%
Hotel Income				
- Overseas	(169,376)	(220,152)	50,776	-23.1%
- Others	(101,222)	(137,056)	35,834	-26.1%
Income from Champion REIT*				
- Asset management	141,573	143,320	(1,747)	-1.2%
- Dividend income	478,525	482,075	(3,550)	-0.7%
- Agency commission	44,046	48,114	(4,068)	-8.5%
Income from Langham Hosp. Investments*				
- Dividend income	-	-	-	
Other Operations	54,377	52,177	2,200	4.2%
Income before expenses	926,454	439,412	487,042	110.8%
Other income	5,118	9,331	(4,213)	-1.0%
Depreciation and amortisation	(158,895)	(188,251)	29,356	-15.6%
Administrative and other expenses	(191,255)	(279,267)	88,012	-31.5%

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



2021 Interim Results

	<u>1H 2021</u>	<u>1H 2020</u>	<u>Change</u>	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(77,013)	(77,784)	771	-4.3%
Interest income	46,729	100,208	(53,479)	-9.3%
	(30,284)	22,424	(52,708)	-235.1%
Share of results of associates	3,598	4,338	(740)	n.m.
Share of results of joint ventures	(5,966)	13,925	(19,891)	-142.8%
Profit before taxation	548,770	21,912	526,858	2404.4%
Income taxes	(12,921)	67,763	(80,684)	10.3%
Net Profit	535,849	89,675	446,174	497.5%
Less: Non-controlling interest	102	873	(771)	3.7%
Profit Attributable to Shareholders	535,747	88,802	446,945	503.3%
Basic earnings per share	\$ 0.74	\$ 0.12		



2021 Interim Results – Breakdown of Income from Champion REIT

	<u>1H 2021</u>	<u>1H 2020</u>	<u>Change</u>	
	HK\$'000	HK\$'000	HK\$'000	%
Dividend received	478,525	482,075	(3,550)	-0.7%
Asset management income	141,573	143,320	(1,747)	-1.2%
Agency commission income & Property management income	44,046	48,114	(4,068)	-8.5%
	<u>664,144</u>	<u>673,509</u>	<u>(9,365)</u>	-1.4%
Distribution Per Unit declared in HK\$	0.12000	0.12290		-2.4%
Units held by Great Eagle in 000	3,986,035	3,922,496		1.6%



Analysis on change on core income

	1H 2021
	\$'000
Change in profit from core business after tax	<u>446,945</u>
Arise from:	
Increase in income from property sales	424,277
Decrease in administrative and other expense	88,012
Decrease in hotels EBITDA loss	86,610
Decrease in depreciation and amortisation	29,356
Decrease in dividend and management income from Champion REIT	(9,365)
Decrease in net rental income	(16,680)
Change in share of results of JVs	(19,891)
Change in net interest expenses	(52,708)
Increase in income taxes	(80,684)
Others	(1,982)
Change in profit from core business after tax	<u><u>446,945</u></u>



Discount to NAV

NAV based on statutory accounting principles (June 2021)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	6,794	9.3	11%
Hotels All valued at cost less depreciation	17,122	23.4	27%
Pak Shek Kok Development project	2,940	4.0	5%
Ho Man Tin Development project	2,311	3.2	4%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: -67.32% share of Champion's Net Assets	33,631	46.0	53%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	272	0.4	0%
Investment in Langham Hospitality Investments (LHI): Net liabilities from three HK hotels (calculated as book cost of the hotels less debt)	(1,932)	(2.6)	-3%
	31,971	43.7	51%
Other net (liabilities)/assets	1,842	2.5	3%
Total	62,980	86.15	100%
Net debt (assumed debt of the HoManTin Project)	(5,204)	(7.12)	
Great Eagle's NAV	57,776	79.03	
Discount to NAV based on share price of HK\$ 25			-68%

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	6,794	9.3	10%
Hotels All valued at cost less depreciation	17,122	23.4	24%
Pak Shek Kok Development project	2,940	4.0	4%
Ho Man Tin Development project	2,311	3.2	3%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: -67.32% share of Champion's Net Assets	33,631	46.0	48%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	272	0.4	0%
-69.31% share of LHI's Net Assets Based on appraised valuation of LHI's hotels	5,288	7.2	8%
	39,191	53.6	56%
Other net (liabilities)/assets	1,842	2.5	3%
Total	70,200	96.03	100%
Net debt (assumed debt of the HoManTin Project)	(5,204)	(7.12)	
Great Eagle's NAV	64,995	88.91	
Discount to NAV based on share price of HK\$ 25			-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	65,056	(17,673)	47,383	27.2%	37.3%	1,505	331	4.5
Overseas Assets	13,916	(3,523)	10,393	25.3%	33.9%	(193)	37	n/a
Group Total	78,972	(21,196) ^(b)	57,776	26.8%	36.7%	1,312	368	3.6

(B) Base on core financial positions ^(a)

	Book Carrying Value	Net Cash (Debt)	Net Equity	Loan to Value	Gearing	Core EBITDA	Net interest expense	Interest Cover
Hong Kong/ PRC Assets	57,599	(3,043)	54,556	5%	6%	936	91	10.3
Overseas Assets	13,880	(3,441)	10,439	24.8%	33.0%	(196)	35	n/a
Group Total	71,479	(6,484) ^(b)	64,995	9.1%	10.0%	740	126	5.9

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) Including other liquid investments such as investments in link notes, bonds and equities amounting to HK\$1,255 mn as at the end of June 2021.



Valuation – Investment properties

Financials

As at the end of June 2021

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Cap rate	Change from end of Dec 2020
Great Eagle Centre				
Office	193,271	23,133	2.9%	-1.6%
Retail	55,944	8,598	4.5%	-3.8%
3rd floor	20,959	11,308		-1.7%
Carparks (nos/unit price)	296	1,300,676		0.0%
Signage (gross value in HK\$m)		119		-4.0%
Eaton House				
Wanchai Gap Road	34,915	10,168	3.7%	0.0%
Village Road	23,350	9,722	3.5%	0.0%
Blue Pool Road	33,700	12,404	3.0%	11.5%
Convention Plaza apartments	5,817	17,311		4.1%



Development Project

ONTOLO, Pak Shek Kok

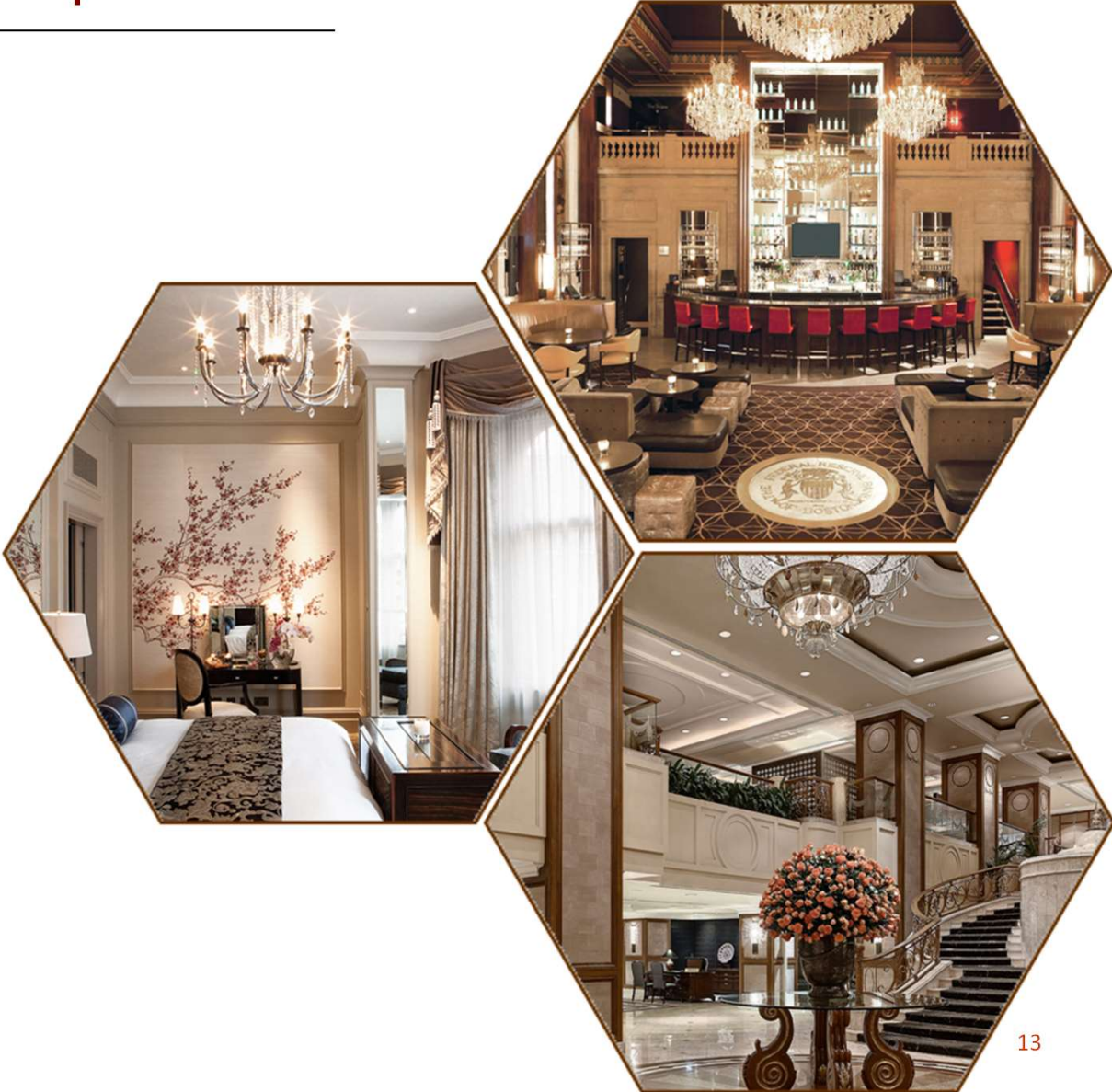
The site, which is located in Pak Shek Kok, Tai Po and commands spectacularly unobstructed sea views over Tolo Harbour was acquired in May 2014.

The development, with a total permissible gross floor area of 730,870 sq. ft. or saleable area of 635,612 sq. ft., comprises 723 luxury residential units and 456 parking spaces, and was completed in the fourth quarter of 2020.

During the first half of 2021, 75 residential units and 23 parking spaces were sold and delivered to buyers, resulting in revenue and operating profit contribution from the project of HK\$957.6 million and HK\$424.3 million, respectively, during the period.

Average sales price for the residential units reached HK\$18,233 per sq. ft. based on saleable area, and average sales price was HK\$2.53 million per unit for the parking spaces sold during the period. As at the end of June 2021, 545 residential units had been sold from a total of 723 units.

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



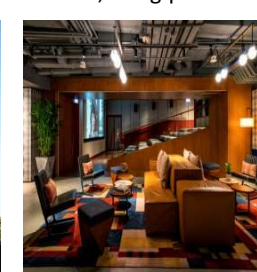
Chelsea Hotel, Toronto



The Langham, New York



The Langham, Chicago



Eaton, Washington D.C.

North America

- The Langham, Boston, reopened in late June 2021 following the completion of a major renovations programme. While performance of the other hotels in North America continued to be affected by social distancing restrictions and a ban on indoor dining throughout the first quarter of 2021. In June, most US cities had fully reopened and are gradually seeing revenue uptrend as businesses resumed.

Australia/New Zealand

- Our Australian hotels were impacted by intermittent lockdowns during the second quarter of 2021 as the number of infections rose, whereas gradual improvement has been witnessed in the Auckland hotel, supported by the domestic leisure business and domestic corporate activity making a comeback.

Europe

- The hotel was closed for the first four months of 2021 due to stay-at-home orders imposed by the government.

China

- Our hotels saw a strong recovery in occupancy during the first half of the year, supported by a good mix of domestic leisure, corporate and group businesses. However, there were pressure on rates amid a resurgence of COVID cases in nearby regions of Mainland China.



Hotel portfolio – 1H 2021 Operational Statistics

	YTD Occupancy			YTD Average Room Rate			YTD RevPar		
	1H 2021	1H 2020	Change	1H 2021	1H 2020	Change	1H 2021	1H 2020	Change
<u>Owned by subsidiary LHI</u>									
<u>Hong Kong</u>									
The Langham, Hong Kong	20.6%	14.4%	6.3%	\$1,137	\$1,490	-23.7%	\$235	\$214	9.6%
Cordis, Hong Kong	26.2%	19.5%	6.6%	\$1,008	\$1,293	-22.0%	\$264	\$252	4.5%
Eaton HK	35.9%	30.1%	5.8%	\$522	\$584	-10.5%	\$188	\$176	6.7%
<u>Wholly-owned hotels</u>									
<u>Europe</u>									
The Langham, London	4.7%	29.5%	-24.8%	£416	£324	28.3%	£20	£96	-79.4%
<u>North America</u>									
The Langham, Boston ^{Note 1}	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
The Langham, Huntington Pasadena	22.3%	27.1%	-4.8%	\$347	\$284	21.9%	\$77	\$77	0.6%
The Langham, Chicago	26.2%	26.2%	0.0%	\$439	\$359	22.1%	\$115	\$94	22.1%
The Langham, New York, Fifth Avenue	21.0%	27.2%	-6.2%	\$552	\$486	13.7%	\$116	\$132	-12.2%
Eaton Washington DC	20.7%	23.1%	-2.3%	\$160	\$203	-20.9%	\$33	\$47	-28.9%
Chelsea Hotel, Toronto	12.1%	25.7%	-13.5%	\$106	\$148	-27.9%	\$13	\$38	-66.0%
<u>Australia/New Zealand</u>									
The Langham, Melbourne	27.9%	35.9%	-8.1%	\$320	\$352	-9.0%	\$89	\$127	-29.5%
The Langham, Sydney	41.8%	31.7%	10.1%	\$519	\$495	4.9%	\$217	\$157	38.3%
Cordis, Auckland	39.9%	49.4%	-9.5%	\$217	\$239	-8.9%	\$87	\$118	-26.5%
<u>China</u>									
The Langham, Xintiandi, Shanghai	68.2%	31.9%	36.2%	¥1,235	¥1,191	3.7%	¥842	¥380	121.4%
Cordis, Hongqiao	62.8%	20.2%	42.6%	¥763	¥709	7.7%	¥479	¥143	234.7%

Note 1: The Langham, Boston reopened in late June 2021.



Hotel portfolio – 1H 2021 Room and F&B revenue growth (in local currency)

	Room revenue growth 1H 2021	F&B revenue growth 1H 2021
The Langham, London	-80%	-67%
The Langham, Huntington Pasadena	0%	-69%
The Langham, Chicago	21%	-41%
The Langham, Fifth Avenue, New York	-13%	-14%
Eaton, Washington DC	-29%	-59%
Chelsea Hotel, Toronto	-66%	-85%
The Langham, Melbourne	-30%	51%
The Langham, Sydney	37%	72%
Cordis, Auckland	-24%	114%
The Langham, Xintiandi, Shanghai	119%	72%
Cordis, Hongqiao, Shanghai	232%	122%



Hotel portfolio – Profit contribution

	1H 2021 in mn	in HK\$ 1H 2020 in mn	Change	Contribution to hotel loss
<u>Owned Hotels</u>				
Europe				
UK (The Langham, London)	-22.5	-15.9	41.0%	13%
North America				
U.S. (The Langham in Boston, Chicago, New York, Pasadena and Eaton Washington D.C.)	-161.9	-170.8	-5.3%	96%
Canada (Chelsea)				
Australasia				
Australia (The Langham, Melbourne and Sydney)	-18.7	-15.8	18.2%	11%
New Zealand (Cordis, Auckland)				
China				
Shanghai (Langham Xintiandi and Cordis, Hongqiao)	33.6	-17.6	-291.4%	-20%
<u>Total</u>	(\$169.4)	(\$220.2)	-23.1%	100%

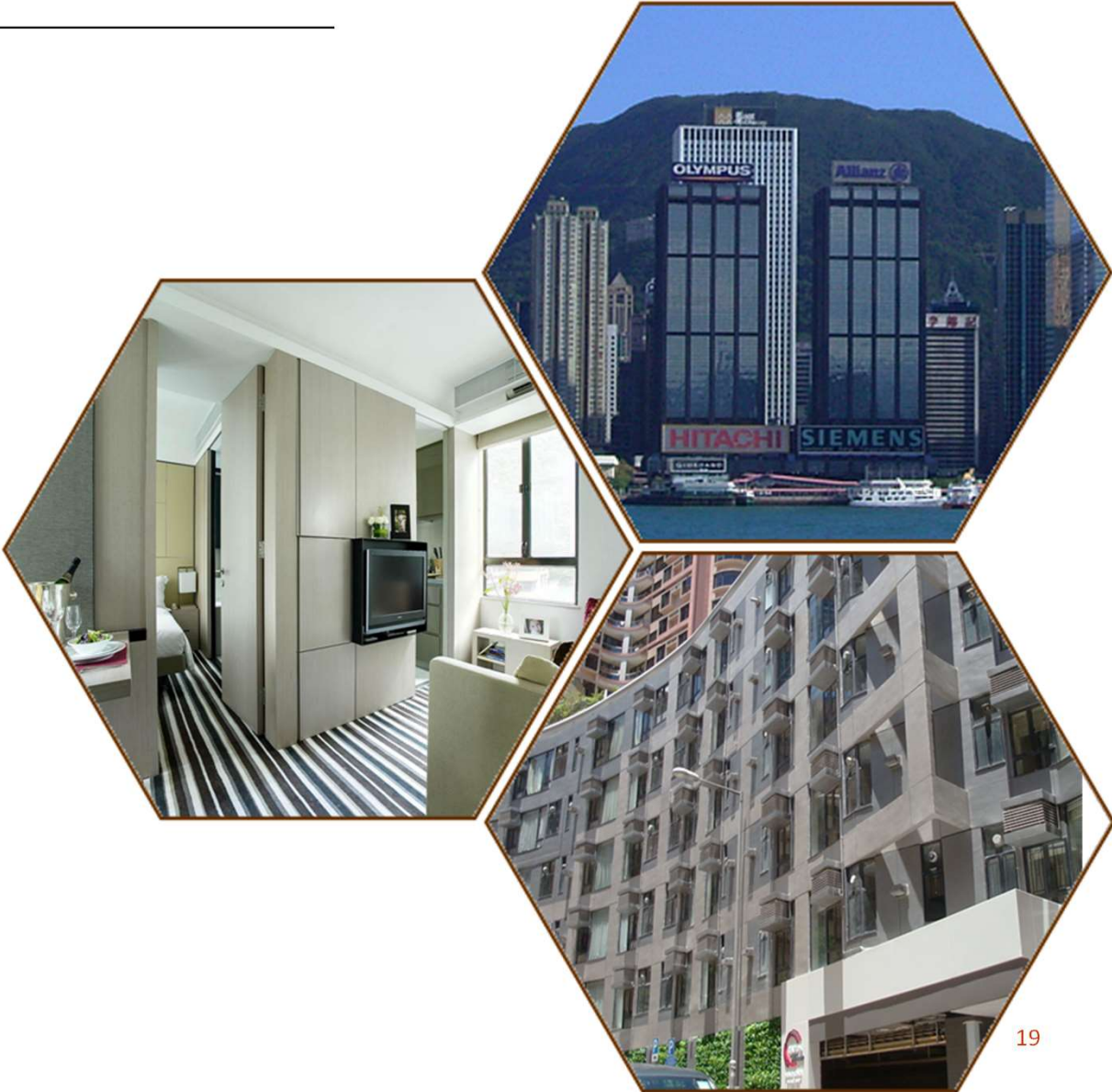


Hotel pipeline

2021	Rooms	Status
The Langham, Jakarta	224	Agreement
2022	Rooms	Status
The Langham Gold Coast	169	Agreement
Cordis International Cruise Terminal, Baoshan, Shanghai	274	Agreement
2023 and after	Rooms	Status
Cordis, Yuhu Lake, Chongqing	200	Agreement
The Langham, Chengdu	246	Agreement
The Langham, Turtle Bay, Queensland, Australia	71	Agreement
Cordis, Xuzhou Center	271	Agreement
Cordis, Xiamen Seaworld	410	Agreement
Cordis, Hangzhou, Xianghu Lake	170	Agreement
The Langham, Adelaide	146	Agreement
The Langham, Nanjing	230	Agreement
The Langham, Paris	154	Agreement
The Langham Venice, Murano Island	136	Owned hotel

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

Investment properties





1H 2021 - Rental income breakdown

	Gross rental income		Growth	Net rental income		Growth
	1H 2021	1H 2020	(%)	1H 2021	1H 2020	(%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	49.3	61.6	(19.9)	46.3	58.5	(20.9)
Eaton Residence Apartments	12.3	19.4	(36.4)	5.2	10.5	(50.1)
Others (Building mgt income, rental income at convention plaza and other properties)	14.8	15.8	(6.3)	2.8	2.0	38.3
Total	76.4	96.7	(21.0)	54.3	70.9	(23.5)

- In the first half of 2021, overall net rental income from our investment properties dropped by 23.5% to HK\$54.3 million.
- Decrease in net rental income at Great Eagle Centre was due to higher vacancy, given reduced floor area leased by an anchor tenant upon their lease expiry in the second quarter of 2021.
- The decline in net rental income for the serviced apartments was mainly as a result of the absence of income from the Blue Pool Road property, which remained closed throughout the first half of 2021 for major renovation works.



U.S. Fund

While the financials of the U.S. Fund are consolidated into the Group's financial statements under statutory accounting principles, the Group's core profit is based on distribution received from the U.S. Fund, as well as our share of asset management fee income from the U.S. Fund. The Group's core balance sheet is based on our share of net asset in the U.S. Fund. The progress of projects held by the U.S. Fund are as follows:

The Austin, San Francisco and Cavalleri, Malibu

All residential units of The Austin, San Francisco were sold by the end of December 2020. The project generated only a small profit. As for the 68 rental apartment units in Cavalleri, Malibu, California, 59 leases were signed by the end of June 2021.



Development projects

Ho Man Tin residential development project

- This recently acquired project, which comprised of a gross floor area of approximately 742,000 sq. ft., involves the development of 990 apartments above Ho Man Tin MTR station under a Development Agreement with MTRC. A revised General Buildings Plan was submitted to Buildings Department in mid June 2021. Foundation works are in progress and the superstructure is scheduled to commence in March 2022. Our target is to complete the development by end of 2024.

Dalian Mixed-use Development Project and Tokyo Hotel Redevelopment Project

- For the Dalian project, the final sales proceeds from the sale of the project, which represents 24% of the total proceeds, are still outstanding as at the end of June 2021. For the Tokyo project, construction of the project will only commence after anticipated construction costs fall within the budgeted sum.

U.S. and Europe hotel and mixed-use redevelopment projects

- Development projects at 555 Howard Street and 1125 Market Street have been put on hold amid uncertain market conditions and the severe cost escalation of construction costs in San Francisco. Meanwhile, plans for an alternative exit strategy are also being considered for these sites.
- The Venice hotel project team has completed the schematic design for the hotel, and piling and ground works are scheduled to commence in early 2022. Completion of the project is expected to be in the third quarter of 2024.



Outlook for the Group's results

- For our global hotel business, the Group continues to navigate through these difficult times and is focused on implementing strict cost controls, as well as the appropriate scaling of our operations to cope with rapidly changing market conditions for the remainder of the year. Furthermore, the extent and scope of government stimuluses in different countries will also affect hotel earnings. Given the continued poor outlook for global hotels, we expect our hotels in Hong Kong will be similarly affected and therefore, we remain cautious on LHI's performance in the second half of 2021.
- For Champion REIT, the REIT's manager expects rental income and distribution per unit to remain under pressure in 2021.
- However, the Hong Kong residential market is buoyant as shown by the Centaline Property Centa-city Leading Index, which has rallied back to its historical peak level as at the end of June 2021. This trend should continue to support sales of the remaining units at ONTOLO in Pak Shek Kok in the second half of 2021.
- Back in 2017, the Group wrote off its investment in an electric vehicle start-up company, as it experienced serious cash flow issue. Subsequent to our write-off, the company brought in a major global sovereign fund as a major investor and the start-up company then listed on the Nasdaq, U.S. through a SPAC vehicle in July 2021 with the listing code (LCID.US). As one of the early investors in the start-up company, there is a six-month lock-up period for the Group's shares. Immediately after the listing, the Group held approximately 13.4 million shares of the listed company, which included the Group's acquisition of additional shares at a consideration of US\$20.2 million in the start-up's latest round of funding ahead of the merger with the SPAC. Shares of LCID have been trading at around US\$22 per share since listing. The unrealised valuation surplus of this investment will be credited to balance sheet in the Group's 2021's annual results.



Reconciliation to core earnings from reported

	Reported earnings 1H 2021 HK\$'000	Core earnings 1H 2021 HK\$'000	Core earnings 1H 2020 HK\$'000	
Gross Revenue				
Property sales	957,622	957,622		
Rental Income				
- HK	64,635	64,635	83,308	
- Building mgt fee inc	11,765	11,765	13,402	
Hotel Income				
- HK hotels revenue	284,229	-	-	- Core revenue ignores revenue of HK hotels after the spin off
- Overseas	676,186	676,186	705,191	
- Others	49,674	49,674	28,992	
Income from Champion REIT				
- Management fee income	185,619	185,619	191,434	
- Gross rental income	1,397,320			- Ignore, core profit base on distributions
- Distributions		478,525	482,075	- Add back distributions of Champion REIT
Income from Langham Hosp. Investments				
- Gross rental income	112,537			- Ignore, core profit base on distributions
- Distributions		-	-	- Add back distributions of LHI, if any
Income from U.S. Real Estate Fund	33,950			- Ignore, core profit base on distributions
Other Operations	139,794	139,794	161,907	
Elimination of intra-group transactions	(344,013)			- Ignore intra-group elimination associated with CREIT, LHI and US fund
Revenue	<u>3,569,320</u>	<u>2,563,820</u>	<u>1,666,309</u>	



Reconciliation to core earnings from reported

	Reported earnings 1H 2021 <u>HK\$'000</u>	Core earnings 1H 2021 <u>HK\$'000</u>	Core earnings 1H 2020 <u>HK\$'000</u>	
Net Operating Income				
Operating income from property sales	424,277	424,277	-	
Net Rental Income - HK	54,254	54,254	70,934	
Hotel Income - Overseas	(169,376)	(169,376)	(220,152)	
- Others	(101,222)	(101,222)	(137,056)	
Income from Champion REIT				
- Management fee income	185,619	185,619	191,434	
- Net rental income	995,557	478,525	482,075	- Ignore net rental income, core profit base on distributions
- Distributions				- Add back distributions of Champion REIT
Income from Langham Hosp. Investments	92,478			- Ignore income of the HK hotels, base on distributions
- Distributions		-	-	- Add back distributions of LHI, if any
Operating income from U.S. Real Estate Fund	4,849			- Ignore operating income of US fund, core profit base on distributions
Other Operations	54,377	54,377	52,177	
Elimination of intra-group transactions	(33,228)			
Operating profit	1,507,585	926,454	439,412	



Reconciliation to core earnings from reported

	Reported earnings 1H 2021 HK\$'000	Core earnings 1H 2021 HK\$'000	Core earnings 1H 2020 HK\$'000	
Operating profit before Dep. and Amortisation	1,507,585	926,454	439,412	
Depreciation and amortisation	(412,478)	(158,895)	(188,251)	- Exclude depreciation of CREIT, LHI and US Fund, add back depreciation relating to hotel land and buildings
Fair value changes on investment properties	(1,864,615)			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	167,037			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	26,585			- Ignored in core earnings calculation
Other income (excluding interest income)	4,957	5,118	9,331	- Ignore other income of CREIT, LHI and the US fund
Administrative expenses and other expenses	(203,182)	(191,255)	(279,267)	- Exclude admin. expense of CREIT, LHI and US fund



Reconciliation to core earnings from reported

	Reported earnings 1H 2021 HK\$'000	Core earnings 1H 2021 HK\$'000	Core earnings 1H 2020 HK\$'000	
Net finance costs				
Finance cost	(367,073)	(77,013)	(77,784)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	94,039 (273,034)	46,729 (30,284)	100,208 22,424	- Exclude interest income of CREIT, LHI, US fund
Share of results of associates	3,598	3,598	4,338	
Share of results of joint ventures (Loss)/Profit before tax	19,823 (1,023,724)	(5,966) 548,770	13,925 21,912	- Exclude share of results of JV of Champion REIT
Income taxes	(138,777)	(12,921)	67,763	- Exclude taxes of CREIT, LHI and US fund
Net (Loss)/Profit	(1,162,501)	535,849	89,675	
Less: Non-controlling interest	(378,527)	102	873	- Exclude non-controlling interest of CREIT, LHI and US fund
(Loss)/Profit Attributable to Shareholders	(783,974)	535,747	88,802	
Basic (loss)/earnings per share	\$ (1.09)	\$ 0.74	\$ 0.12	