



Great Eagle Holdings
Investor Presentation Q1 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\$66bn in 2020
- Strong financial position as at the end of December 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 2020 Final Results

- Despite the impact of the COVID-19 pandemic, the Group's core profit in 2020 was supported solely by the profit booked for accumulated units sold at ONTOLO, our luxury residential development project. The Group's statutory result, which included revaluation deficit and fair value changes on financial instruments, came to a loss attributable to equity holders of HK\$8,540.3 million in 2020 (2019: HK\$337.8 million).
- The Group's operating income rose 7.1% to HK\$2,903.8 million in 2020, driven by a HK\$2,055.4 million operating income booked from the ONTOLO. Meanwhile, the Hotels Division turned a loss before interest, taxes and depreciation of HK\$625.8 million in 2020. Furthermore, there was an absence of distribution income from LHI in 2020 (2019: HK\$163.9 million) given it did not declare a distribution amid the poor performance of its hotels.
- Distribution income from Champion REIT dropped by 4.7% year-on-year to HK\$988.0 million for 2020. Meanwhile, management fee income from Champion REIT fell by 10.9% year-to-year to HK\$378.0 million in 2020. Net rental income from our investment portfolio dropped by 20.0% year-on-year to HK\$134.5 million in 2020.
- Operating loss of the Group's other businesses amounted to HK\$26.3 million in 2020. In 2020, the Group has written-off our non-core residual investment of HK\$69.8 million in NeueHouse, as well as HK\$63.0 million fixed assets of Eaton Club, as its expansion was met with the COVID-19 pandemic. These write-offs were included under "administrative and other expenses".
- Net finance income amounted to HK\$32.8 million in 2020. Share of losses of joint ventures came to HK\$17.0 million in 2020 (2019: share of profits of HK\$43.9 million), due to a HK\$32.4 million provision made for the Dalian mixed-use development project, as the remaining sales proceed has not been received by the end of 2020 as initially scheduled.
- Core profit attributable to equity holders rose by 2.4% to HK\$1,771.9 million in 2020 (2019: HK\$1,731.0 million).



2020 Final Results

	2020	2019	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue				
Revenue from property sales	5,107,869	-	5,107,869	n.m.
Rental Income	183,309	218,632	(35,323)	-16.2%
Hotel Income				
- Overseas	1,226,657	4,108,518	(2,881,861)	-70.1%
- Others	73,470	141,402	(67,932)	-48.0%
Income from Champion REIT*	1,366,005	1,460,817	(94,812)	-6.5%
Income from Langham Hosp. Investments*	-	163,831	(163,831)	-100.0%
Other Operations	304,580	405,248	(100,668)	-24.8%
	<u>8,261,890</u>	<u>6,498,448</u>	<u>1,763,442</u>	27.1%

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



2020 Final Results

	2020	2019	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Operating income from property sales	2,055,379	-	2,055,379	n.m.
Net Rental Income	134,533	168,204	(33,671)	-20.0%
Hotel Income				
- Overseas	(434,761)	753,721	(1,188,482)	-157.7%
- Others	(191,013)	26,096	(217,109)	-832.0%
Income from Champion REIT*				
- Asset management	281,652	297,677	(16,025)	-5.4%
- Dividend income	988,052	1,036,439	(48,387)	-4.7%
- Other mgt income	96,301	126,701	(30,400)	-24.0%
Income from Langham Hosp. Investments*				
- Dividend income	-	163,831	(163,831)	-100.0%
Other Operations	(26,353)	137,906	(164,259)	-119.1%
Income before expenses	2,903,790	2,710,575	193,215	7.1%
Other income	43,958	9,177	34,781	379.0%
Depreciation and amortisation	(380,845)	(305,659)	(75,186)	24.6%
Administrative and other expenses	(590,022)	(615,257)	25,235	-4.1%

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



2020 Final Results

	<u>2020</u>	<u>2019</u>	<u>Change</u>	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(156,053)	(167,884)	11,831	-7.0%
Interest income	188,862	177,767	11,095	6.2%
	32,809	9,883	22,926	232.0%
Share of results of associates	5,148	1,191	3,957	332.2%
Share of results of joint ventures	(16,972)	43,860	(60,832)	-138.7%
Profit before taxation	1,997,866	1,853,770	144,096	7.8%
Income taxes	(224,918)	(119,453)	(105,465)	n.m.
Net Profit	1,772,948	1,734,317	38,631	2.2%
Less: Non-controlling interest	(1,047)	(3,328)	2,281	-68.5%
Profit Attributable to Shareholders	1,771,901	1,730,989	40,912	2.4%
Basic earnings per share	\$ 2.46	\$ 2.45		



2020 Final Results – Breakdown of Income from Champion REIT

	2020	2019	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Asset management income	281,652	297,677	(16,025)	-5.4%
Dividend received	988,052	1,036,439	(48,387)	-4.7%
Agency commission income & Property management income	96,301	126,701	(30,400)	-24.0%
	1,366,005	1,460,817	(94,812)	-6.5%
Distribution Per Unit declared in HK\$	0.25000	0.26660		-6.2%
Units held by Great Eagle in 000's	3,969,878	3,888,684		2.1%



Analysis on change on core income

	2020
	\$'000
Change in profit from core business after tax	<u>40,912</u>
Arise from:	
Operating income from property sales	2,055,379
Decrease in hotels EBITDA	(1,405,591)
Decrease in distribution income from LHI	(163,831)
Decrease in dividend and management income from Champion REIT	(94,812)
Decrease in net rental income and income from other business operations	(197,930)
Increase in depreciation and amortisation	(75,186)
Increase in income taxes	(105,465)
Impairment on investment and fixed assets write off	(88,997)
Changes in share of results of JVs	(60,832)
Increase in net interest income	22,926
Others	155,251
Change in profit from core business after tax	<u><u>40,912</u></u>



Discount to NAV

NAV based on statutory accounting principles (December 2020)

	HK\$m	HK\$/shr	% of Total
Investment properties Appraised valuation by independent valuer	6,847	9.5	12%
Hotels All valued at cost less depreciation	17,024	23.6	29%
Investment in JVs - Miami project	132	0.2	0%
Pak Shek Kok Development project	3,414	4.7	6%
	HK\$m	HK\$/shr	
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: -67.22% share of Champion's Net Assets	34,692	48.2	60%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	270	0.4	0%
Investment in Langham Hospitality Investments (LHI): Net liabilities from three HK hotels (calculated as book cost of the hotels less debt)	(1,895)	(2.6)	-3%
	33,067	45.9	57%
Other net (liabilities)/assets	(2,276)	(3.2)	-4%
Total	58,208	80.85	100%
Net cash	603	0.84	
Great Eagle's NAV	58,811	81.69	
Discount to NAV based on share price of HK\$ 30.0		-63%	

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	6,847	9.5	10%
Hotels All valued at cost less depreciation	17,024	23.6	26%
Investment in JVs - Miami project	132	0.2	0%
Pak Shek Kok Development project	3,414	4.7	5%
	HK\$m	HK\$/shr	
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: -67.22% share of Champion's Net Assets	34,692	48.2	53%
Investment in U.S. Real Estate Fund - 49.97% share of Fund's NAV	270	0.4	0%
-69.24% share of LHI's Net Assets Based on appraised valuation of LHI's hotels	5,629	7.8	9%
	40,591	56.4	62%
Other net (liabilities)/assets	(2,276)	(3.2)	-3%
Total	65,732	91.30	100%
Net cash	603	0.84	
Great Eagle's NAV	66,335	92.14	
Discount to NAV based on share price of HK\$ 30.0		-67%	



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	58,684	(10,233)	48,451	17.4%	21.1%	4,460	572	7.8
Overseas Assets	13,740	(3,380)	10,360	24.6%	32.6%	(703)	28	n/a
Group Total	72,424	(13,613) ^(c)	58,811	18.8%	23.1%	3,757	600	6.3

(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	52,035	3,894	55,929	n/a	n/a	3,134	(15)	n/a
Overseas Assets	13,697	(3,291)	10,406	24.0%	31.6%	(699)	25	n/a
Group Total	65,732	603 ^(c)	66,335	n/a	n/a	2,435	10	243.5

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\$1,423 mn as at the end of December 2020.



Valuation – Investment properties

Financials

As at the end of December 2020

Hong Kong investment properties

	GFA (Sqft)	Valuation HK\$/psf	Cap rate	Change from end of June 2020
Great Eagle Centre				
Office	193,271	23,506	2.9%	-4.6%
Retail	55,944	8,938	4.5%	-3.8%
3rd floor	20,959	11,499		-4.7%
Carparks (nos/unit price)	296	1,300,676		0.0%
Signage (gross value in HK\$m)		124		-0.8%
Eaton House				
Wanchai Gap Road	34,915	10,168	3.7%	-2.7%
Village Road	23,350	9,722	3.5%	0.0%
Blue Pool Road	33,700	11,128	3.0%	2.7%
Convention Plaza apartments	5,817	16,624		-1.1%



Development Project

ONTOLO, Pak Shek Kok

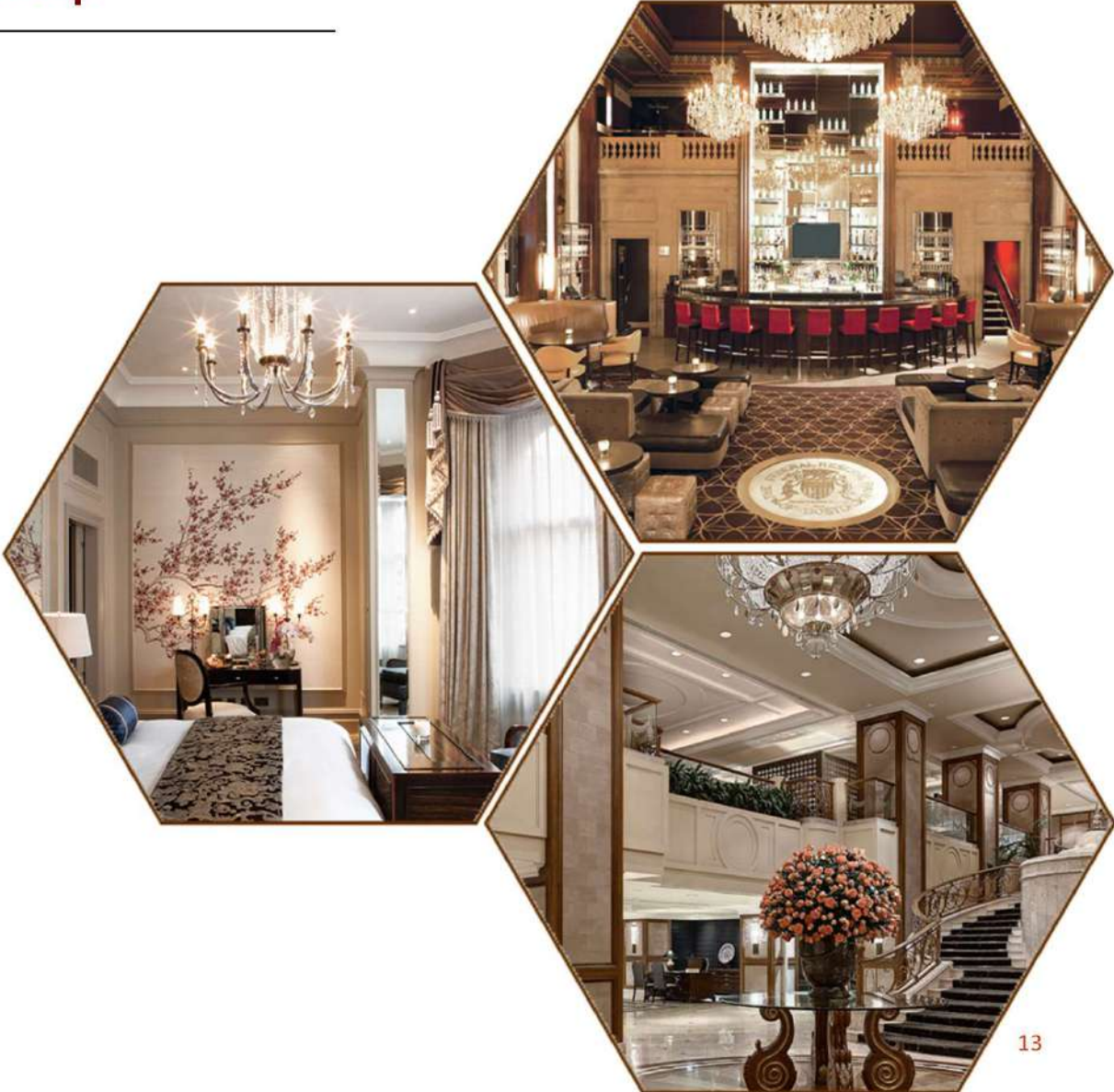
The site, which is located in Pak Shek Kok, Tai Po and commands spectacularly unobstructed sea views over Tolo Harbour was acquired in May 2014.

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

By the end of 2020, accumulated sales reached 493 residential units. 435 residential units and 92 carparks have been delivered to the buyers by the end of 2020, resulting in revenue and operating profit contribution from the project of HK\$5,107.9 million and HK\$2,055.4 million respectively during 2020.

Average sale price for the residential units reached HK\$16,682 per sq. ft. based on saleable area, and average sales price was HK\$2.54 million per unit for the parking spaces sold.

Langham Hospitality Group





The Langham, London



The Langham, Boston



The Langham, Melbourne



The Langham, Sydney



Cordis, Auckland



Cordis, Hongqiao



The Langham, Pasadena



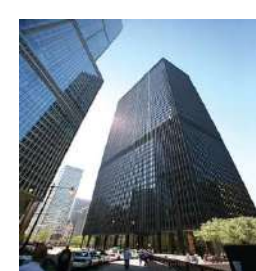
The Langham, Xintiandi



Chelsea Hotel, Toronto



The Langham, New York



The Langham, Chicago



Eaton, Washington D.C.

- The Hotels Division turned a loss before interest, taxes and depreciation of HK\$625.8 million in 2020 (2019: EBITDA of HK\$779.8 million), owing to a collapse in hotel room demand amid global travel restrictions and social distancing measures imposed.
- Total revenue for the Hotels Division dropped by 69.4% year-on-year to HK\$1,300.1 million in 2020. After accounting for the operating loss and rental payment shortfall of HK\$238.2 million incurred as the lessee of LHI's hotels, which were included under "Others" breakdown of the Hotels Division's operating results, the Hotels Division incurred a loss before interest, taxes and depreciation of HK\$625.8 million in 2020, as compared with an EBITDA of HK\$779.8 million in 2019.
- The loss has factored in HK\$239.3 million in government subsidies received.



Hotel portfolio – 2020 Operational Statistics

	YTD Occupancy			YTD Average Room Rate			YTD RevPar		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
<u>Owned by subsidiary LHI</u>									
<u>Hong Kong</u>									
The Langham, Hong Kong	16.3%	75.3%	-59.0%	\$1,342	\$1,955	-31.4%	\$219	\$1,472	-85.2%
Cordis, Hong Kong	22.5%	73.1%	-50.6%	\$1,165	\$1,656	-29.7%	\$262	\$1,210	-78.4%
Eaton Hotel, Hong Kong	37.4%	71.6%	-34.1%	\$543	\$950	-42.8%	\$203	\$679	-70.1%
<u>Wholly-owned hotels</u>									
<u>Europe</u>									
The Langham, London	19.0%	80.3%	-61.3%	£333	£390	-14.7%	£63	£313	-79.8%
<u>North America</u>									
The Langham, Boston	n.a.	59.2%	n.a.	n.a.	\$233	n.a.	n.a.	\$138	n.a.
The Langham, Huntington Pasadena	22.3%	71.8%	-49.5%	\$295	\$281	4.9%	\$66	\$202	-67.4%
The Langham, Chicago	21.3%	78.0%	-56.7%	\$369	\$407	-9.3%	\$79	\$317	-75.2%
The Langham, Fifth Avenue, New York	18.5%	83.6%	-65.1%	\$498	\$578	-13.9%	\$92	\$483	-80.9%
Eaton, Washington D.C.	17.9%	55.3%	-37.4%	\$182	\$253	-28.3%	\$32	\$140	-76.8%
Chelsea Hotel, Toronto	20.3%	77.6%	-57.3%	\$137	\$173	-20.7%	\$28	\$134	-79.2%
<u>Australia/New Zealand</u>									
The Langham, Melbourne	21.5%	87.1%	-65.5%	\$346	\$308	12.6%	\$75	\$268	-72.1%
The Langham, Sydney	36.6%	82.1%	-45.5%	\$470	\$464	1.1%	\$172	\$381	-54.9%
Cordis, Auckland	40.4%	81.6%	-41.2%	\$230	\$225	2.2%	\$93	\$184	-49.4%
<u>China</u>									
The Langham, Xintiandi, Shanghai	52.3%	81.7%	-29.4%	¥1,172	¥1,590	-26.2%	¥613	¥1,299	-52.8%
Cordis, Hongqiao	40.4%	64.3%	-23.9%	¥723	¥934	-22.6%	¥292	¥601	-51.4%

Note: The Langham, Boston has been closed for renovations throughout 2020.



Hotel portfolio – 2020 Room and F&B revenue growth (in local currency)

	Room revenue growth 2020	F&B revenue growth 2020
The Langham, London	-80%	-77%
The Langham, Boston (closed in 2020 for renovations)	n.a.	n.a.
The Langham, Huntington Pasadena	-67%	-70%
The Langham, Chicago	-75%	-79%
The Langham, Fifth Avenue, New York	-81%	-83%
Eaton, Washington DC	-77%	-77%
Chelsea Hotel, Toronto	-79%	-84%
The Langham, Melbourne	-72%	-76%
The Langham, Sydney	-55%	-41%
Cordis, Auckland	-52%	-51%
The Langham, Xintiandi, Shanghai	-53%	-48%
Cordis, Hongqiao, Shanghai	-51%	-30%



Hotel portfolio – Profit contribution

	2020 in mn	in HK\$ 2019 in mn	Change	Contribution to hotel loss
<u>Owned Hotels</u>				
Europe				
UK (The Langham, London)	-47.9	178.9	-126.8%	11%
North America				
U.S. (The Langham in Boston, Chicago, New York, Pasadena and Eaton Washington D.C.)	-364.6	304.1	-219.9%	84%
Canada (Chelsea)				
Australasia				
Australia (The Langham, Melbourne and Sydney)	-40.0	113.3	-135.3%	9%
New Zealand (Cordis, Auckland)				
China				
Shanghai (Langham Xintiandi and Cordis, Hongqiao)	17.8	157.4	-88.7%	-4%
<u>Total</u>	(\$434.8)	\$731.9	-159.4%	100%

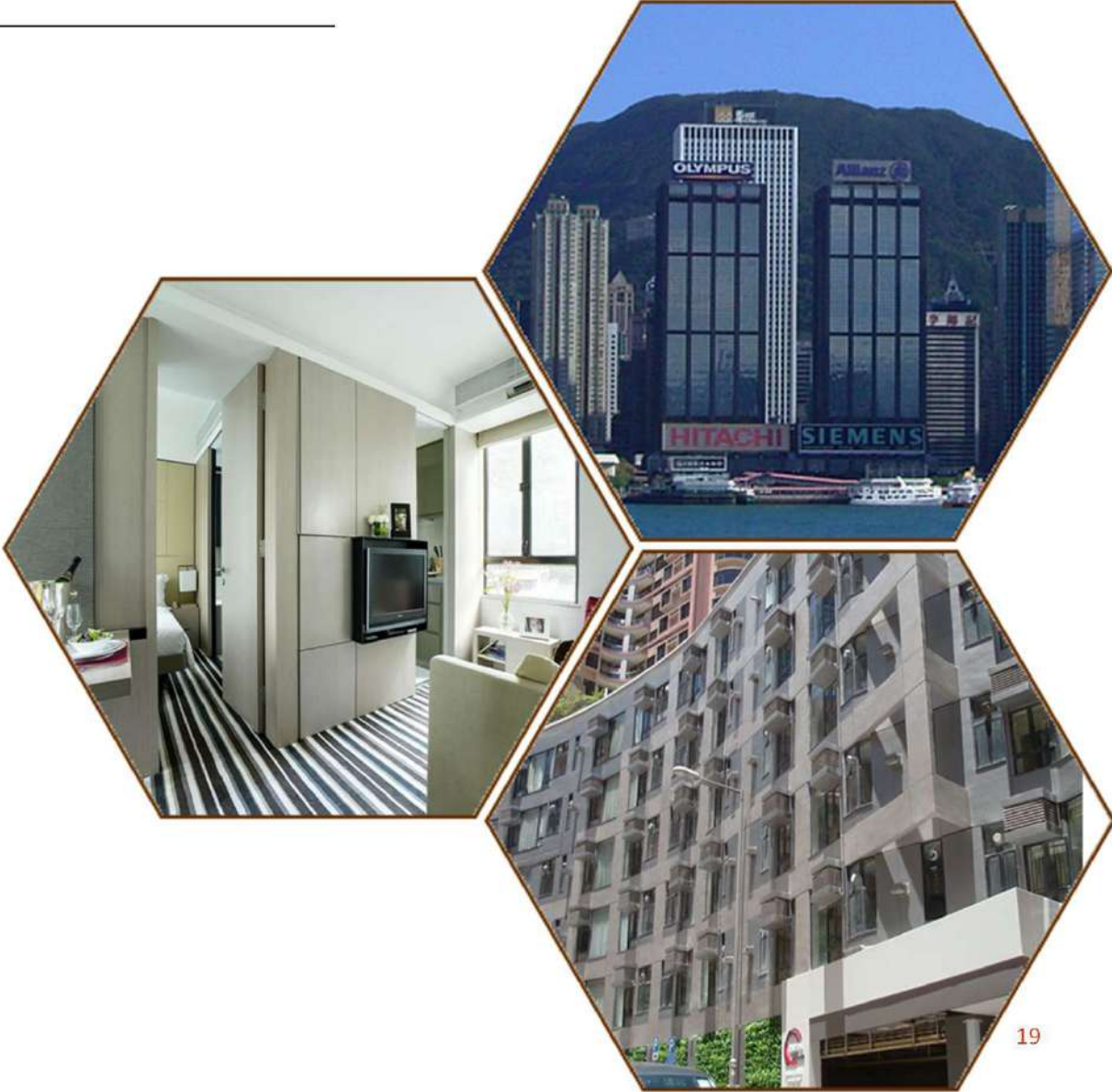


Hotel pipeline

2021	Rooms	Status
Langham Place, Changsha	295	Agreement
The Langham, Jakarta	224	Agreement
The Langham, Turtle Bay, Queensland, Australia	71	Agreement
2022	Rooms	Status
The Langham Gold Coast	169	Agreement
Cordis International Cruise Terminal, Baoshan, Shanghai	274	Agreement
The Langham, Chengdu	246	Agreement
2023 and after	Rooms	Status
Cordis, Yuhu Lake, Chongqing	200	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 Venice, Murano Island	138	Owned hotel

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

Investment properties





2020 - Rental income breakdown

	Gross rental income			Net rental income		
	2020	2019	Growth (%)	2020	2019	Growth (%)
(in HK\$ mn)						
Hong Kong Investment Properties						
Great Eagle Centre	119.9	135.3	(11.4)	112.1	131.2	(14.6)
Eaton Residences Apartments	33.1	51.3	(35.6)	19.2	31.0	(38.2)
Others (Building mgt income, rental income from convention plaza apartments and U.S. properties)	30.4	32.0	(5.0)	3.3	6.0	(44.8)
Total	183.3	218.6	(16.1)	134.5	168.2	(20.0)

- In 2020, overall net rental income from our investment properties dropped by 20.0% to HK\$134.5 million.
- Decrease in net rental income at Great Eagle Centre was due to reduced demand for office space amid the COVID-19 pandemic, as well as a 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 the COVID-19 pandemic led to lower and passing rent of the portfolio in 2020, while the closure of the Blue Pool Road property for renovation from August 2020 also contributed to the decline in profit in 2020.



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. All 100 units were sold and handed to buyers by the end of 2020. The project generated only a small profit.

Cavalleri, Malibu

The U.S. Fund has successfully repositioned the units to high-end products with renovation works completed in 2018. Since offers received 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, 54 leases were signed.



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. Following the booking of first profit of HK\$73 million in 2019, the Group did not receive the remaining sales proceeds by the end of 2020, the remaining profit has not been recognised in 2020's results. Furthermore, a HK\$32.4 million provision has been shared in 2020 results, as it is uncertain when the final remaining sales proceeds will be received. At the same time, the Group has initiated legal proceedings to pursue the outstanding proceeds.

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.

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, entitlement is anticipated by the first quarter of 2022 for development at 1931 Second Avenue. The hotel project at Venice is still in design stage.



Outlook for the Group's results

- For our Hotels Division, we expect our hotels' business will be under enormous pressure until travel restrictions and social distancing measures are fully lifted. Therefore, implementing strict cost control measures will be of utmost importance in 2021. Given our poor outlook for the global hotel and tourism industry, we expect LHI's performance will also be under pressure in 2021.
- Compared with the hefty development profit booked in 2020 as the accumulated units sold since July 2019 were being recognised in 2020 upon completion of the project, we expect profit from ONTOLO to be substantially lower in 2021, as most of the unsold units at ONTOLO are larger-sized units which we expect to be sold at a much slower pace. In fact, with the 13 units sold during the first two months of 2021, the pace of sale has clearly decelerated.
- For Champion REIT, as the overall operating environment will remain very difficult in 2021 for their businesses, there are obvious downside risks in rental income of their properties portfolio.
- Overall, we expect the Group's core profit will decline in 2021, as we expect a much lower profit contribution from ONTOLO, whereas our other core businesses, especially the Hotels Division, cannot turn around until the pandemic can be controlled by vaccinations which has just started in major countries.



Reconciliation to core earnings from reported

	Reported earnings 2020 <u>HK\$'000</u>	Core earnings 2020 <u>HK\$'000</u>	Core earnings 2019 <u>HK\$'000</u>	
Gross Revenue				
Revenue from property sales	5,107,869	5,107,869	-	
Rental Income	183,309	183,309	218,632	
Hotel Income				
- HK hotels revenue	515,059			- Core revenue ignore revenue of
- Overseas hotels	1,226,657	1,226,657	4,108,518	Hong Kong hotels
- Others, including Hotel mgt fee	73,470	73,470	141,402	
Income from Champion REIT				
- Management fee income	377,953	377,953	424,378	
- Gross rental income	2,920,320			- Ignore, core profit base on distributions
- Distributions		988,052	1,036,439	- Add back distributions
Income from Langham Hosp. Investments				
- Gross rental income	208,256			- Ignore, core profit base on distributions
- Distributions		-	163,831	- Add back distributions
Other Operations (including US Fund operations)	388,886	304,580	405,248	
Elimination of intra-group transactions	(696,492)			- Ignore inter-group eliminations associated with CREIT, LHI and US fund
Revenue	<u>10,305,287</u>	<u>8,261,890</u>	<u>6,498,448</u>	



Reconciliation to core earnings from reported

	Reported earnings 2020 HK\$'000	Core earnings 2020 HK\$'000	Core earnings 2019 HK\$'000	
Net Operating Income				
Operating income from property sales	2,055,379	2,055,379	-	
Net Rental Income	134,533	134,533	168,204	
Hotel Income				
- Overseas	(434,761)	(434,761)	753,721	
- Others	(191,013)	(191,013)	26,096	
- Net rental income from LHI	179,887			- Ignore, core profit base on distributions - Core profit is after intergroup transactions
Income from Champion REIT				
- Management fee income	377,953	377,953	424,378	
- Net rental income	2,065,451			- Ignore, core profit base on distributions
- Distributions		988,052	1,036,439	- Add back distributions
Income from Langham Hosp. Investments				
- Distributions		-	163,831	- Add back distributions
Other Operations (including US Fund operations)	(26,368)	(26,353)	137,906	
- Inter-group adjustments under statutory accounts	40,467			- Core profit for other operations is after intergroup transactions
Operating profit	4,201,528	2,903,790	2,710,575	



Reconciliation to core earnings from reported

	Reported earnings 2020 <u>HK\$'000</u>	Core earnings 2020 <u>HK\$'000</u>	Core earnings 2019 <u>HK\$'000</u>	
Operating profit before Dep. and Amortisation	4,201,528	2,903,790	2,710,575	
Depreciation and amortisation	(831,866)	(380,845)	(305,659)	- Exclude depreciation of CREIT, LHI & US Fund, add back depreciation relating to hotel land and buildings
Impairment on property, plant and equipment	(347,899)			- Ignored in core earnings calculation
Fair value changes on investment properties	(14,252,704)			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	(194,049)			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	61,909			- Ignored in core earnings calculation
Other income (excluding interest income)	44,527	43,958	9,177	- Exclude other income/expenses of CREIT, LHI & US fund
Administrative and other expenses	(489,188)	(590,022)	(615,257)	- Exclude administrative and other expense relating to CREIT, LHI & US fund



Reconciliation to core earnings from reported

	Reported earnings 2020 <u>HK\$'000</u>	Core earnings 2020 <u>HK\$'000</u>	Core earnings 2019 <u>HK\$'000</u>	
Net finance costs				
Finance cost	(802,928)	(156,053)	(167,884)	- Exclude interest expense of CREIT, LHI and US fund
Interest income (Classified as "Other income" on income statement)	245,220 (557,708)	188,862 32,809	177,767 9,883	- Exclude interest income of CREIT, LHI and US fund
Share of results of associates	5,148	5,148	1,191	
Share of results of joint ventures	(16,972)	(16,972)	43,860	
Profit before tax	<u>(12,377,274)</u>	<u>1,997,866</u>	<u>1,853,770</u>	
Income taxes	(403,810)	(224,918)	(119,453)	- Exclude taxes of CREIT, LHI and US fund, and taxes related to fair value change on IP
Net Profit	<u>(12,781,084)</u>	<u>1,772,948</u>	<u>1,734,317</u>	
Less: Non-controlling interest	<u>4,254,948</u>	<u>1,047</u>	<u>3,328</u>	- Exclude non-controlling interest of CREIT, LHI and US fund
(Loss)/Profit Attributable to Shareholders	(8,526,136)	1,771,901	1,730,989	
Basic earnings per share	\$ (11.84)	\$ 2.46	\$ 2.45	