



Great Eagle Holdings
Interim Results Presentation
Aug 2024



Highlights of 2024 Interim Results

(for the 6 months period ended June 30, 2024 unless otherwise stated)

- The Group's core profit attributable to equity holders was HK\$735.8 million representing a 33.7% reduction compared to HK\$ 1,109.5 million for the same period last year.
- Despite the stable recovery, the inflationary pressure on payroll and operating expenses still prevailed and impeded the performance of our global hotel portfolio where its EBITDA has recorded a decline of 7.0% to HK\$392.8 million (1H 2023: HK\$422.4 million).
- The performance of our Hong Kong hotels was also on recovery with improvement seen in rooms and food & beverage departments. However, the overall profitability of LHI was still impacted by the rising operating expenses and borrowing costs. LHI did not declare any interim distribution for 1H 2024 (1H 2023: nil).
- ONTOLO sales continuously progressed where 25 residential units, 17 car parking spaces and one motorcycle space were delivered, resulting in the booking of relevant revenue of HK\$769.3 million and gross profit of HK\$361.2 million (1H 2023: \$545.4 million). Such decline in gross profit was mainly attributed to the absence of the one-off cost saving HK\$276.9 million which was recorded in the same period last year.
- Distribution income from Champion REIT dropped by 10.6% year-on-year to HK\$341.4 million (1H 2023: \$382.0 million), whilst its management fee income recorded an 8.1% decline to HK\$156.8 million (1H 2023: HK\$170.7 million).
- Net rental income from our investment portfolio, mainly Great Eagle Centre and serviced apartments, decreased slightly by 0.7% from HK\$54.8 million to HK\$54.4 million.
- The administrative, selling and other expenses increased by 9.7% to HK\$249.6 million (1H 2023: HK\$227.5 million) for 1H 2024 and this was largely attributed to the rise in staff cost resulted from vacancy fill-up and general salary increment, as well as the increased selling expenses for the presale of ONMANTIN project during the reporting period.
- The Group's finance costs rose 39.0% to HK\$260.7 million (1H 2023: HK\$187.5 million) which was mainly due to the higher average interest rates and more bank loans utilized.
- Share of results from associates recorded a loss of HK\$10.2 million (1H 2023: loss of HK\$4.7 million) mainly attributed to the Group's share of operating loss during the reporting period incurred by Imperial Enterprises Holdings Limited ("IEH") whose revenue would generally come in during the third quarter from production and sale of mooncakes.



2024 Interim Results – Core Earnings

	1H 2024	1H 2023	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Gross Revenue				
Revenue from property sales	769,286	586,817	182,469	31.1%
Rental Income	84,196	82,382	1,814	2.2%
Hotel Income				
- Overseas and China	2,195,129	2,159,284	35,845	1.7%
- Others	126,953	90,935	36,018	39.6%
Income from Champion REIT*	498,150	552,656	(54,506)	-9.9%
Income from LHI*	-	-	-	
Other Operations	117,281	157,881	(40,600)	-25.7%
	3,790,995	3,629,955	161,040	4.4%

* Based on attributable dividend income from Champion REIT, Langham Hospitality Investments and Langham Hospitality Investments Limited (“LHI”) in respect of the same financial period.



2024 Interim Results – Core Earnings

	1H 2024	1H 2023	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Net Operating Income				
Operating income from property sales	361,190	545,394	(184,204)	-33.8%
Net Rental Income	54,357	54,819	(462)	-0.7%
Hotel Income				
- Overseas and China	320,299	403,108	(82,809)	-20.5%
- Others	72,509	19,333	53,176	275.1%
Income from Champion REIT*				
- Dividend income	341,367	382,020	(40,653)	-10.6%
- Asset management	115,959	120,794	(4,835)	-4.0%
- Agency commission	40,824	49,842	(9,018)	-18.1%
Income from LHI*				
- Dividend income	-	-	-	-
Other Operations	57,989	65,126	(7,137)	-11.0%
Income before expenses	1,364,494	1,640,436	(275,942)	-16.8%
Other income	70,407	21,239	49,168	231.5%
Depreciation and amortisation	(168,699)	(167,600)	(1,099)	0.7%
Administrative and other expenses	(249,626)	(227,561)	(22,065)	9.7%

* Based on attributable dividend income from Champion REIT and Langham Hospitality Investments and Langham Hospitality Investments Limited (“LHI”) in respect of the same financial period.



2024 Interim Results – Core Earnings

	<u>1H 2024</u>	<u>1H 2023</u>	<u>Change</u>	
	HK\$'000	HK\$'000	HK\$'000	%
Net finance costs				
Finance cost	(260,732)	(187,464)	(73,268)	39.0%
Interest income	86,898	82,435	4,463	5.4%
	(173,834)	(105,029)	(68,805)	65.5%
Share of results of associates	(10,151)	(4,743)	(5,408)	114.0%
Share of results of joint ventures	141	94,029	(93,888)	-99.9%
Profit before taxation	832,732	1,250,771	(418,039)	-33.4%
Income taxes	(98,115)	(141,832)	43,717	-30.8%
Net Profit	734,617	1,108,939	(374,322)	-33.8%
Less: Non-controlling interest	1,181	563	618	109.8%
Profit Attributable to Shareholders	735,798	1,109,502	(373,704)	-33.7%
Basic earnings per share	\$0.98	\$1.48		



2024 Interim Results – Breakdown of Income from Champion REIT

	1H 2024	1H 2023	Change	
	HK\$'000	HK\$'000	HK\$'000	%
Dividend income	341,367	382,020	(40,653)	-10.6%
Asset management income	115,959	120,794	(4,835)	-4.0%
Agency commission income & Property management income	40,824	49,842	(9,018)	-18.1%
	<u>498,150</u>	<u>552,656</u>	<u>(54,506)</u>	-9.9%
Distribution Per Unit declared in HK\$	0.08093	0.09270		-12.7%
Units held by Great Eagle in '000	4,218,280	4,120,096		2.4%



Analysis on change of core earnings

	1H 2024
	\$'000
Change in profit from core business after tax	<u>(373,704)</u>
Arise from:	
Decrease in operating income from property sale	(184,204)
Decrease in hotels EBITDA	(29,633)
Decrease in dividend and management income from Champion REIT	(54,506)
Decrease in share of result of joint ventures (cash return from Dalian JV)	(93,888)
Increase in net interest expenses	(68,805)
Increase in administrative and other expense	(22,065)
Increase in other income	49,168
Decrease in income taxes	43,717
Others	(13,488)
Change in profit from core business after tax	<u>(373,704)</u>



Discount to NAV

NAV based on statutory accounting principles (Jun 2024)

	HK\$m	HK\$/shr	% of Total
Investment properties (Note 1) Appraised valuation by independent valuer	5,598	7.5	9%
Hotels All valued at cost less depreciation	15,240	20.4	24%
Property development At cost	12,823	17.1	20%
Statutory accounting treatments for Champion REIT and LHI			
Investment in Champion REIT: - 69.73% share of Champion's Net Assets	31,624	42.3	50%
Investment in U.S. Real Estate Fund: - 49.97% share of Fund's Net Assets	289	0.4	1%
Investment in LHI: - 70.71% share of net liab. from three HK hotels Based on cost less depreciation approach (calculated as book cost of the hotels less debt)	(2,132)	(2.9)	-3%
	29,781	39.8	48%
Other net (liabilities)/assets	(636)	(0.8)	-1%
Total	62,806	84.0	100%
Net debt (note 2)	(7,638)	(10.2)	
Great Eagle's NAV	55,168	73.8	
Discount to NAV based on share price of HK\$ 10.5			-85.8%

NAV based on net assets of Champion REIT, LHI and US Fund (Jun 2024)

	HK\$m	HK\$/shr	% of Total
Investment properties (Note 1) Appraised valuation by independent valuer	5,598	7.5	8%
Hotels All valued at cost less depreciation	15,240	20.4	21%
Property development At cost	12,823	17.1	18%
Share of net assets of Champion REIT and LHI			
Investment in Champion REIT: - 69.73% share of Champion's Net Assets	31,624	42.3	44%
Investment in U.S. Real Estate Fund: - 49.97% share of Fund's Net Assets	289	0.4	1%
Investment in LHI: - 70.71% share of LHI's Net Assets Based on appraised valuation of LHI's hotels	6,564	8.8	9%
	38,477	51.5	54%
Other net (liabilities)/assets	(636)	(0.9)	-1%
Total	71,502	95.6	100%
Net debt (note 2)	(7,638)	(10.2)	
Great Eagle's NAV	63,864	85.4	
Discount to NAV based on share price of HK\$ 10.5			-87.7%

Note 1: Calculation on investment properties include owner-occupied portion.

Note 2: Including other liquid investments such as investment in linked notes, bonds and equities amounting to HK\$1,005 million as at the end of Jun 2024.



Financial position

Financials

(A) Base on statutory financial positions

(HK\$ Million)	Attributable Book Value	Attributable Net Debt	Net Equity	Loan to Value	Gearing ^{(b) (c)}	EBITDA	Net Interest Expense	Interest Cover
Hong Kong/ PRC Assets	64,321	(19,801)	44,520	30.8%	44.5%	1,480	681	2.2
Overseas Assets	13,115	(2,467)	10,648	18.8%	23.2%	361	81	4.5
Group Total	77,436	(22,268)	55,168	28.8%	40.4%	1,841	762	2.4

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

(HK\$ Million)	Attributable Book Value	Net Debt	Net Equity	Loan to Value	Gearing	Core EBITDA	Net Interest Expense	Interest Cover
Hong Kong/ PRC Assets	59,667	(6,227)	53,440	10.4%	11.7%	827	221	3.8
Overseas Assets	12,840	(2,416)	10,424	18.8%	23.2%	358	82	4.3
Group Total	72,507	(8,643)	63,864	11.9%	13.5%	1,185	303	3.9

Notes

- (a) Core financial positions is arrived at sharing the net assets of Champion REIT, Langham and the U.S. 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 three subsidiary groups.
- (b) Since most of the Group's owned hotels were acquired years ago, their market values well exceed their depreciated costs. Should estimated market value instead of depreciated costs be recognized in the consolidated financial statements for these hotels, the net gearing ratio on statutory financial position would be reduced from 40.4% to 29.7% at the end of June 2024.
- (c) The Group's net gearing ratio base on statutory financial position would be reduced from 40.4% to 31.9% when sales proceeds from ONMANTIN pre-sales are available for repayment of project loan, and would further reduce to 23.5% when taking into account the estimated market value of owned hotels.



Valuation - Investment Properties

Financials

As at the end of June 2024

Hong Kong investment properties

	GFA (sq.ft)	Valuation HK\$/psf	Cap rate	Change from end of Dec 2023
Great Eagle Centre				
Office	193,271	20,003	2.9%	-4.4%
Retail	55,944	8,151	4.5%	0.0%
Retail 3rd floor	20,959	9,876		-4.6%
Carparks (nos/unit price)	296	1,250,000		-3.9%
Signage (gross value in HK\$m)		136		0.0%
Eaton Residences, Blue Pool Road	33,700	13,116	3.0%	0.0%
Eaton Residences, Village Road	23,350	9,251	3.5%	-1.4%
Ying'nFlo, Wanchai Gap Road	34,915	9,767	3.7%	-2.0%
Convention Plaza apartments	5,817	16,435		-2.4%
Tak Woo House (Retail)	1,500	103,333	2.8%	-8.8%



Development Projects for Sales

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 car parking spaces, was completed in Q4 2020.

During 1H 2024, 25 residential units, 17 car parking spaces and one motorcycle space were delivered and accumulated sales reached 697 residential units, which represented 96.4% of the total 723 residential units (or 91.6% of total saleable area). Among such, 650 units had been delivered to buyers. Average sales price for the residential units was HK\$20,292 per sq. ft. based on saleable area, and HK\$2.33 million per unit for car parking spaces.

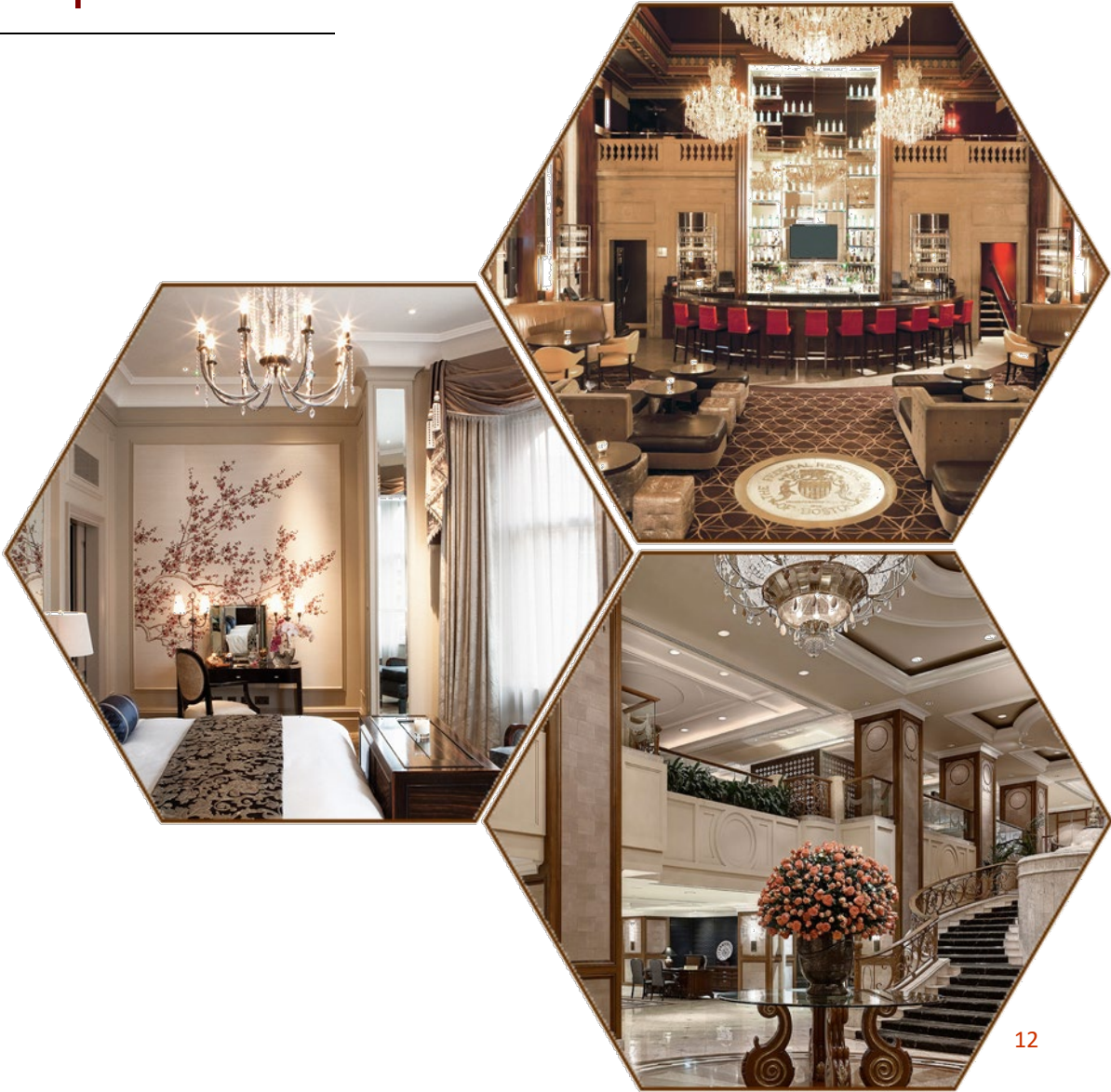
ONMANTIN, Ho Man Tin residential development project

This residential project has a gross floor area of 742,000 sq. ft. (or a saleable area of approx. 664,000 sq. ft.) and comprises 990 apartments above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. The project is expected to be completed and be ready for handover in Q2 2025.

Presale has been launched since late April and market responded positively where the accumulated sales had reached over half of our total units, with sales proceeds amounted to approximately HK\$7.6 billion as of end June 2024.

As the sales of units will be recognized only upon handover to buyers, the sales and profits on the presale of these units had not been booked in our income statements for the reporting period.

Langham Hospitality Group





Hotel portfolio – 1H, 2024 Operational Statistics

(in local currency)

	YTD Occupancy			YTD Average Room Rate			YTD RevPar		
	Jun-24	Jun-23	Change	Jun-24	Jun-23	Change	Jun-24	Jun-23	Change
Under LHI									
Hong Kong									
The Langham, Hong Kong	87.7%	84.5%	3.2%	\$1,947	\$2,044	-4.7%	\$1,707	\$1,727	-1.2%
Cordis, Hong Kong	92.3%	88.4%	3.9%	\$1,596	\$1,468	8.7%	\$1,473	\$1,297	13.6%
Eaton HK	88.5%	86.0%	2.5%	\$1,093	\$963	13.5%	\$967	\$828	16.8%
Owned Hotels									
Europe									
The Langham, London	75.7%	69.8%	5.9%	£490	£495	-1.0%	£371	£345	7.5%
North America									
The Langham, Boston	68.1%	57.8%	10.3%	\$461	\$447	3.1%	\$314	\$259	21.2%
The Langham Huntington, Pasadena	58.2%	68.0%	-9.8%	\$330	\$337	-2.1%	\$192	\$230	-16.5%
The Langham, Chicago	67.1%	60.4%	6.7%	\$466	\$485	-3.9%	\$313	\$293	6.7%
The Langham, New York, Fifth Avenue	74.8%	75.2%	-0.4%	\$719	\$678	6.0%	\$537	\$510	5.3%
Eaton Washington DC	71.5%	71.6%	-0.1%	\$280	\$288	-2.8%	\$200	\$206	-2.9%
Chelsea Hotel, Toronto	60.7%	64.5%	-3.8%	\$206	\$203	1.5%	\$125	\$131	-4.5%
Australia / New Zealand									
The Langham, Melbourne	73.4%	69.6%	3.8%	\$339	\$360	-5.8%	\$249	\$250	-0.4%
The Langham, Sydney	73.6%	71.8%	1.8%	\$531	\$565	-6.0%	\$391	\$406	-3.6%
Cordis, Auckland	71.1%	66.4%	4.7%	\$237	\$262	-9.5%	\$169	\$174	-2.9%
Mainland China									
The Langham, Shanghai, Xintiandi	83.1%	83.0%	0.1%	¥1,429	¥1,311	9.0%	¥1,188	¥1,088	9.2%
Cordis, Shanghai, Hongqiao	76.9%	74.4%	2.5%	¥850	¥844	0.7%	¥653	¥627	4.1%



Hotel portfolio – 1H, 2024 Profit Contribution

<u>Owned Hotels</u>	1H 2024 in HK\$ mn	1H 2023 in HK\$ mn	Fav/(-) unfav	Contribution to hotel profit
Europe				
UK (The Langham, London)	90.8	86.9	4.5%	28%
North America				
U.S. (The Langham in Boston, Chicago, New York, Pasadena and Eaton Washington D.C.)	151.1	203.7	-25.8%	47%
Canada (Chelsea)				
Australasia				
Australia (The Langham, Melbourne and Sydney)	24.4	48.4	-49.6%	8%
New Zealand (Cordis, Auckland)				
Mainland China				
Shanghai (The Langham, Xintiandi and Cordis, Hongqiao)	54.0	64.1	-15.8%	17%
Total	320.3	403.1	-20.5%	100%



Outlook for the Group's results

- The uncertainty of the global economy is likely to continue. Even though there are evidences to support that the inflation in the US is under control and the first rate cut is expected within the year, nevertheless, the impacts associated with the result of the upcoming US presidential election remains unknown and this would cause further unpredictability to the future economic growth and trend of capital flow globally.
- The performance of our Hotels Division is expected to remain stable following further improvement in global air capacity which supports international travel for both business and leisure. The Group will continue to implement stringent strategies for effective cost control.
- The local residential sales market is still clouded by the high inventory level and hopefully the situation will improve if rate cut would start to take place in 2H 2024. The Group will remain cautious whilst taking proactive steps in response to the dynamic market when formulating the sales strategy for the remainder stock of ONTOLO and ONMANTIN. Despite the prevailing volatilities, the Group stays cautiously optimistic of the medium-term prospect of the Hong Kong property market.
- The Hong Kong office market would remain challenging as it is still impacted by the prevailing vacancy resulted from softened occupier demand and growing inventory. It is expected that the rentals of Three Garden Road and Langham Place Office Tower will still be under pressure, whilst the performance of Langham Place Mall shall remain resilient. On the positive side, the expected rate cut in 2H 2024 would help to lower the borrowing costs and hence improve the profitability of Champion REIT.
- Amid our healthy liquidity and projected low gearing, the Group will continue to practise our usual prudence in daily operation and be well prepared to weather the prevailing economic headwinds and market uncertainties. Whilst keeping close tabs to our businesses at home and abroad, we will also explore new investment opportunities which would benefit the Group as a whole in both medium to longer term.



Reconciliation to core earnings from reported

	Reported earnings 1H 2024 HK\$'000	Core earnings 1H 2024 HK\$'000	Core earnings 1H 2023 HK\$'000	
Gross Revenue				
Property sales	769,286	769,286	586,817	
Rental Income - HK	84,196	84,196	82,382	
Hotel Income - HK hotels revenue	771,900			- Core revenue ignores revenue of HK hotels
- Overseas & China	2,195,129	2,195,129	2,159,284	
- Others	126,953	126,953	90,935	
Income from Champion REIT				
- Management fee income	156,783	156,783	170,636	
- Gross rental income	1,252,292			- Ignored, core profit base on distributions
- Distributions		341,367	382,020	- Added back distributions of CREIT
Income from LHI				
- Gross rental income	229,037			- Ignored, core profit base on distributions
- Distributions		-	-	- Added back distributions of LHI, if any
Income from U.S. Fund	14,474			- Ignored, core profit base on distributions
Other Operations	117,281	117,281	157,881	
Elimination of intra-group transactions	(423,843)			- Ignored intra-group elimination associated with CREIT, LHI and US Fund
Revenue	<u>5,293,488</u>	<u>3,790,995</u>	<u>3,629,955</u>	



Reconciliation to core earnings from reported

	Reported earnings 1H 2024 <u>HK\$'000</u>	Core earnings 1H 2024 <u>HK\$'000</u>	Core earnings 1H 2023 <u>HK\$'000</u>	
Net Operating Income				
Operating income from property sales	361,190	361,190	545,394	
Net Rental Income - HK	54,357	54,357	54,819	
Hotel Income				
- Overseas and China	320,299	320,299	403,108	
- Others	72,509	72,509	19,333	
Income from Champion REIT				
- Management fee income	156,783	156,783	170,636	
- Net rental income	838,342			- Ignored net rental income, core profit base on distributions
- Distributions		341,367	382,020	- Add back distributions of CREIT
Income from LHI				
- Net rental income	180,956			- Ignored income of the HK hotels, base on distributions
- Distributions		-	-	- Add back distributions of LHI, if any
Operating income from U.S. Fund	1,575			- Ignored operating income of US Fund, core profit base on distributions
Other Operations	57,989	57,989	65,126	
Elimination of intra-group transactions	(8,600)			
Operating profit	2,035,400	1,364,494	1,640,436	



Reconciliation to core earnings from reported

	Reported earnings 1H 2024 HK\$'000	Core earnings 1H 2024 HK\$'000	Core earnings 1H 2023 HK\$'000	
Operating profit before Dep. and Amortisation	2,035,400	1,364,494	1,640,436	
Depreciation and amortisation	(435,606)	(168,699)	(167,600)	- Exclude depreciation of CREIT, LHI and US Fund, add back depreciation relating to hotel land and buildings
Fair value changes on investment properties	(1,739,556)			- Ignored in core earnings calculation
Fair value changes on derivative financial instruments	(180,469)			- Ignored in core earnings calculation
Fair value changes of financial assets designated at FVTPL	38,271			- Ignored in core earnings calculation
Other income (excluding interest income)	12,883	70,407	21,239	
		11,139	8,646	- Ignored other income of CREIT, LHI and US Fund
		59,268	12,593	- Gain on disposal of equity securities via fair value changes
Administrative, selling expenses and other expenses	(272,190)	(249,626)	(227,561)	
Administrative and selling expenses		(249,626)	(219,722)	- Exclude admin. expense of CREIT, LHI and US Fund
Investment written off		-	(7,839)	- Investment written off directly charge to reserve



Reconciliation to core earnings from reported

	Reported earnings 1H 2024 <u>HK\$'000</u>	Core earnings 1H 2024 <u>HK\$'000</u>	Core earnings 1H 2023 <u>HK\$'000</u>	
Net finance costs				
Finance cost	(751,020)	(260,732)	(187,464)	- Excluded interest expense of CREIT, LHI and US Fund
Interest income (Classified as "Other income" on income statement)	118,271 (632,749)	86,898 (173,834)	82,435 (105,029)	- Excluded interest income of CREIT, LHI and US Fund
Share of results of associates	(10,151)	(10,151)	(4,743)	
Share of results of joint ventures	15,428	141	94,029	- Excluded share of results of JV of CREIT
Profit before tax	<u>(1,168,739)</u>	<u>832,732</u>	<u>1,250,771</u>	
Income taxes	(174,867)	(98,115)	(141,832)	- Excluded taxes of CREIT, LHI and US Fund
Net Profit	<u>(1,343,606)</u>	<u>734,617</u>	<u>1,108,939</u>	
Less: Non-controlling interest	<u>357,699</u>	<u>1,181</u>	<u>563</u>	- Excluded non-controlling interest of CREIT, LHI and US Fund
Profit Attributable to Shareholders	(985,907)	735,798	1,109,502	
Basic earnings per share	(\$1.32)	\$0.98	\$1.48	