CREDIT SUISSE

Great Eagle Hdg.

(0041.HK / 41 HK)

ASSUMING COVERAGE

Rating	**OUTPERFORM***
Price (19 Apr 11, HK$)	26.85
Target price (HK$)	38.00[1]
Chg to TP (%)	40.0
Market cap. (HK$ mn)	16,964 (US$ 2,181)
Enterprise value (HK$ mn)	18,394
Number of shares (mn)	624.83
Free float (%)	54.60
52-week price range	27.30 - 18.02

**Stock ratings are relative to the relevant country benchmark.*
[1]Target price is for 12 months.

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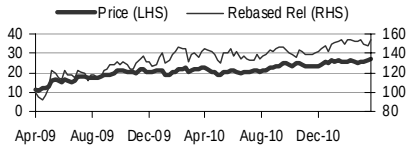
The cheapest way to check into a 5* hotel

- **Current share price implies only HK$200,000/room:** We set our target price for Great Eagle at HK$38.00, a 30% discount to the NAV estimate of HK$54.30. The stub NAV of Great Eagle is merely HK$7.5 per share, implying a 79% stub discount. The FY11E EV/EBITDA of its hotel operations is just 1.4x, significantly lower than the 11 hotel stocks from Asia Pacific, Europe and the US. The implied value per room is a low HK$200,000, versus independent valuer's FY10 estimate of HK$2.7 mn per room.
- **Hotel business to be the growth driver:** We forecast a 25% YoY growth in FY11E EBITDA, on the back of a 10% YoY growth in RevPAR and an 8% growth in operating costs. We expect the hotel business to serve as a growth engine for FY11E, particularly its overseas hotel business as it is from a lower base and the RevPAR growth is expected to be driven from both the occupancy and the room rates. The hotel business in Hong Kong will likely be driven by room rates hike in 2011.
- **A cheaper alternative to Champion REIT:** About 33% of Great Eagle's NAV, or 47% of its FY11E EPS, is from its stakes in the Champion REIT. While the Central office strength is well known, we believe that it has been largely reflected in Champion REIT's share price, with its share price up by 40% since 2010, versus Great Eagle's 34% price growth. We believe Great Eagle is a cheaper alternative to the Central office strength.
- **Assuming coverage with OUTPERFORM:** In the past two years, Great Eagle's share price has been dragged, either by its hotel operations, or the high vacancy rate at Citibank Plaza owned by Champion REIT. Since 2H10, its overseas hotels have returned to making profit; and Citibank Plaza has been leasing well. All businesses are pointing to the right direction and we believe the stock should trade at a smaller discount. Our target price of HK$38 implies 44% upside potential from its current level.

Share price performance



The price relative chart measures performance against the HANG SENG index which closed at 23520.62 on 18/04/11
On 18/04/11 the spot exchange rate was HK$7.78/US$1

Performance Over	1M	3M	12M
Absolute (%)	10.1	6.7	20.7
Relative (%)	3.1	8.1	10.7

Financial and valuation metrics

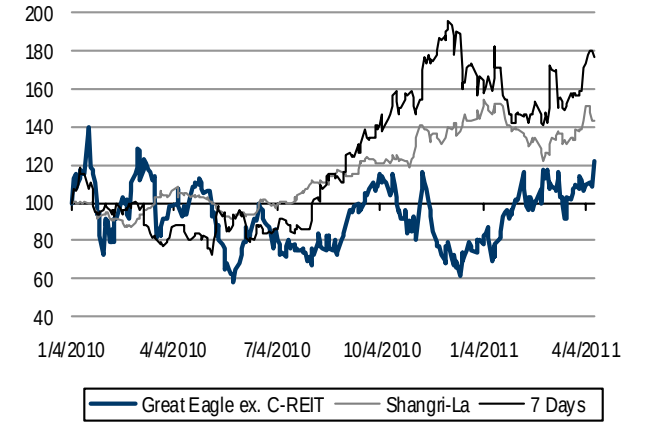
Year	12/10A	12/11E	12/12E	12/13E
Revenue (HK$ mn)	4,694.2	3,800.2	3,975.6	3,839.3
EBITDA (HK$ mn)	2,155.2	2,079.2	2,293.6	2,306.3
EBIT (HK$ mn)	1,805.4	1,719.2	1,933.6	1,946.3
Net attributable profit (HK$ mn)	1,614.2	1,521.6	1,711.1	1,739.0
EPS (CS adj.) (HK$)	2.59	2.44	2.74	2.79
Change from previous EPS (%)	n.a.	4.4	10.9	
Consensus EPS (HK$)	n.a.	2.17	2.36	2.67
EPS growth (%)	22.0	-5.7	12.5	1.6
P/E (x)	10.5	11.1	9.9	9.7
Dividend yield (%)	2.1	2.8	3.2	3.2
EV/EBITDA (x)	8.8	8.8	7.8	7.5
ROE	6.3	5.2	5.6	5.5
Net debt/equity (%)	6.7	4.8	2.7	0.8
NAV per share (HK$)	—	54.3	—	—
Disc./prem. to NAV (%)	—	-50	—	—

Source: Company data, Thomson Reuters, Credit Suisse estimates.

DISCLOSURE APPENDIX CONTAINS ANALYST CERTIFICATIONS AND THE STATUS OF NON-US ANALYSTS. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

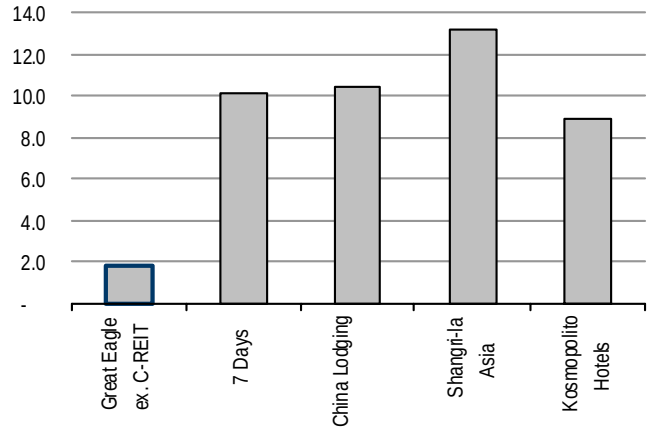
Focus charts

Figure 1: Share price movement since 2010 for Hong Kong hotels versus Great Eagle ex. C-REIT



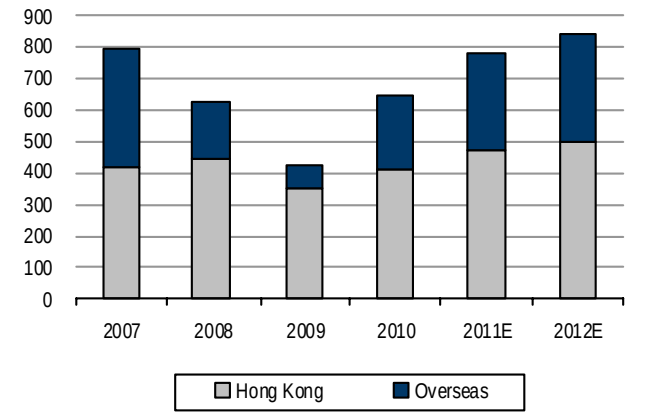
Source: Bloomberg; Note: Index = 100 on 4 Jan 2010

Figure 2: FY11E EBITDA multiple for Asia Pacific hotels (avg = 10.7x) versus Great Eagle's hotel operations (1.4x)



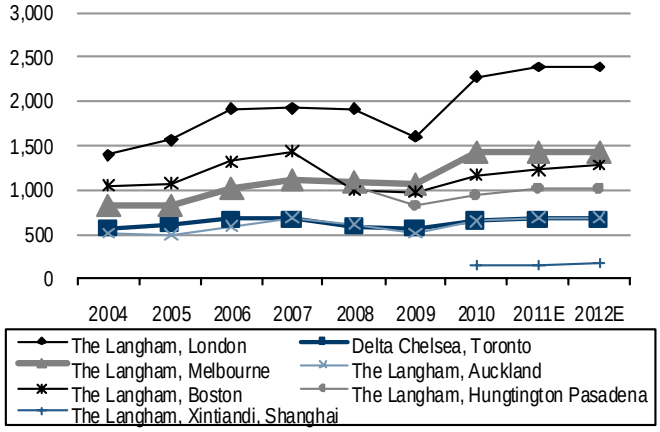
Source: Bloomberg, Credit Suisse estimates

Figure 3: EBITDA (HK$ mn) from the hotel operations



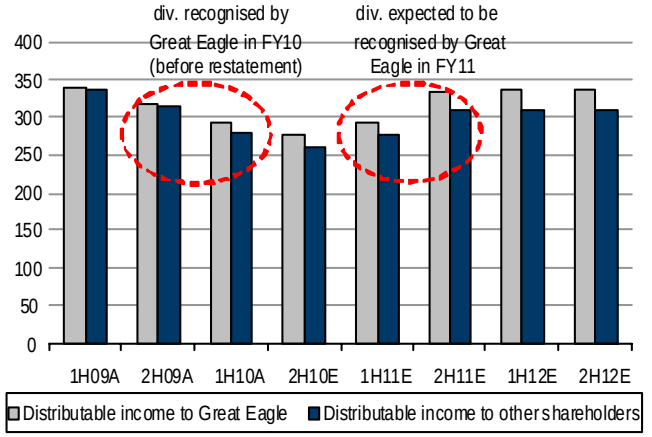
Source: Company data, Credit Suisse estimates

Figure 4: RevPAR performance for the overseas hotels owned by Great Eagle



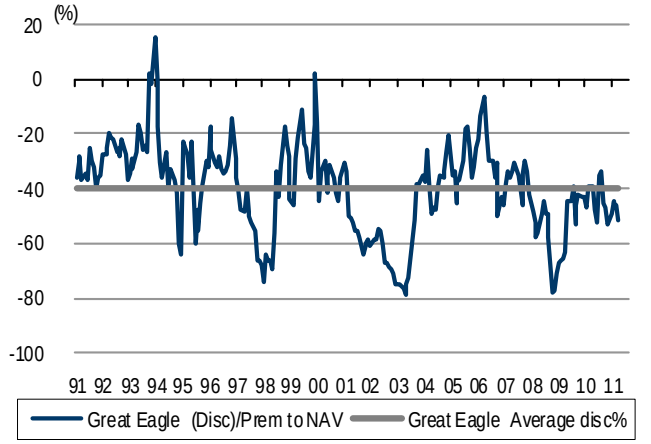
Source: Company data, Credit Suisse estimates

Figure 5: Distribution of Champion REIT to Great Eagle



Source: Company data, Credit Suisse estimates

Figure 6: Discount to NAV chart of Great Eagle



Source: Company data, Credit Suisse estimates

Financial statements

Figure 7: Profit and loss forecasts

	2008	2009	2010	2011E	2012E	2013E
Rental income	**335**	**165**	**191**	**182**	**189**	**194**
- HK	301	114	132	141	148	153
- Overseas	34	51	58	41	41	41
Hotel operation	**531**	**429**	**648**	**777**	**841**	**906**
- HK	430	350	413	465	496	529
- Overseas	100	79	235	312	344	377
Other income	147	347	108	86	86	86
Income from C-REIT (dividend income and mgt. fee income)	786	848	859	760	820	887
Income before financing costs	**1,799**	**1,789**	**1,805**	**1,806**	**1,936**	**2,073**
Net interest expense	(322)	(132)	(125)	(83)	(85)	(77)
Other expenses	(683)	19	47	0	0	0
Exceptional items	(572)	(491)	0	0	0	0
Operating profit	**223**	**1,185**	**1,727**	**1,722**	**1,851**	**1,996**
Associated companies	13	16	30	30	30	30
Profit before taxation	**236**	**1,202**	**1,757**	**1,752**	**1,881**	**2,026**
Taxation	43	104	(143)	(144)	(155)	(166)
Minority Interests	0	0	0	0	0	0
Core profit	**279**	**1,306**	**1,614**	**1,608**	**1,726**	**1,859**
Adj fm inv't ppty reval. / other non-core profits	(207)	575	2,565	0	0	0
Reported net profit	**72**	**1,880**	**4,179**	**1,608**	**1,726**	**1,859**

Source: Company data, Credit Suisse estimates

Figure 8: FY11E NAV estimates

	HK$ mn	HK$/share	% of GNAV
Investment properties	**5,225**	**8.4**	**15**
- Hong Kong	3,943	6.3	11
- Overseas	1,282	2.1	4
Hotels	**15,386**	**24.7**	**43**
- Hong Kong	6,120	9.8	17
- Overseas	9,266	14.9	26
Properties under dev.	792	1.3	2
C-REIT	11,761	18.9	33
CB in Champion REIT	2,551	4.1	7
Gross asset value	**35,716**	**57.4**	**100**
Est (net debt)/cash	(1,931)	(3.1)	
Estimated NAV	**33,785**	**54.3**	

Source: Company data, Credit Suisse estimates

Cheapest way to check into a 5* hotel

Buy Langham hotel for HK$0.2mn / room

We set our target price for Great Eagle at HK$38.00, a 30% discount to the NAV estimate of HK$54.30. The stub NAV of Great Eagle, i.e. excluding Champion REIT's market value from the NAV estimate, is merely HK$7.5 per share, implying a 79% stub discount. The FY11E EV/EBITDA for Great Eagle's hotel operations is merely 1.4x, versus the 25% EBITDA growth in FY11E. The current share price also implies a value of only HK$0.2 mn/room, versus the independent valuer's evaluation of HK$2.7 mn/room as of December 2010.

We believe the current NAV discount of 51% should be narrowed, with the hotel business on a solid recovery track

Hotel business to be the growth driver

Great Eagle's hotel business has seen an turnaround in 2010, with most of its overseas hotels, including The Langham in London, back to being profit-making. We expect the hotel business to serve as a growth engine to boost Great Eagle's profit in 2011. In particular, we are positive of its overseas hotel business, and expect 25% EBITDA YoY growth in 2011. The Hong Kong hotel business is expected to go from strength to strength in 2011 with 13% EBITDA YoY growth as the occupancy is reaching its peak and the EBITDA growth will primarily be driven by the room rate growth.

After the turnaround of the hotel business in 2H10, we expect the momentum to continue into 2011

Stub is trading cheaper than the global hotel peers

If we exclude the stake of Champion REIT from Great Eagle's EV, the stock is essentially a hotel stock. We have attempted to compare Great Eagle's hotel EV/ EBITDA with 11 hotel stocks from the Asia Pacific, the US and Europe. Great Eagle's hotel EV/EBITDA is merely 1.4x, which is way cheaper than the other hotel peers, whether in the Asia Pacific (average EBITDA multiple = 10.7x); the US (average EBITDA multiple = 11.6x); or Europe (average EBITDA multiple = 9.0x).

Great Eagle's hotel EV/EBITDA is trading at only 1.4x, way cheaper than the 11 hotel stocks we compared it with

An indirect but cheap alternative to Champion REIT

In Great Eagle's FY11E NAV estimate of HK$54.3 / share, we estimate that 33% of NAV is from its stake in the Champion REIT. We also estimate that 47% of Great Eagle's FY11 EPS will come from the contribution from Champion REIT (including dividends from Champion REIT and manager's fee).

While the Central office turnaround story is well known, we believe it has been largely reflected in Champion REIT's share price. Since 2010, its share price has gone up by 40%, versus Great Eagle's 34% price growth. On this basis, we believe the Great Eagle is in fact a cheaper alternative to the Central office turnaround story.

Since 2010, Great Eagle's share price lags behind Champion REIT. The former has been catching up since Dec-10 but we believe there is further room to catch up

All businesses in right direction; assuming coverage with OUTPERFORM

In the past two years, Great Eagle's share price performance has been dragged, either by its hotel operations or the high vacancy rate in the Citibank Plaza owned by Champion REIT. Since 2H10, its overseas hotels have returned to making profit; its Hong Kong hotel business is moving from strength to strength; and the Citibank Plaza has been witnessing increased occupancy. All businesses are moving in the right direction and we believe it should trade at a smaller discount. We rate the stock as an OUTPERFORM with a target price of HK$38.00, implying 44% upside from the current level.

We believe that GE's hotel business, rentals, and Champion REIT performance are all on the right track, which deserve a further narrowing in discount to NAV

Buy 5* hotel for HK$0.2mn / room

We set the target price at HK$38.00, based on a 30% discount to the FY11E NAV of HK$54.30/share. The stock is currently trading at a 51% discount to NAV, which is the deepest among the Hong Kong property investor stocks under the CS coverage. The upside from the current level is also the highest in the CS Hong Kong property universe. The current share price is EV of HK$1.1bn for Great Eagle's 5,157 hotel rooms, or HK$213,000 / room.

Figure 9: FY11E NAV estimate

	HK$ mn	HK$	%
Investment properties	**5,225**	**8.4**	**15**
Office	2,397	3.8	7
Retail	559	0.9	2
Luxury residential	853	1.4	2
Others	133	0.2	0
Overseas properties	1,282	2.1	4
Hotels	**15,386**	**24.7**	**43**
HK hotels	6,120	9.8	17
Overseas hotels	9,266	14.9	26
Projects under development	792	1.3	2
C-REIT	11,736	18.8	33
CB in Champion REIT	2,551	4.1	7
Gross asset value	**35,690**	**57.3**	**100**
Est (net debt)/cash	-1,931	-3.1	
Estimated NAV	**33,759**	**54.2**	

Source: Company data, Credit Suisse estimates

The stub is trading at a 79% discount

With the relatively stronger performance of Champion REIT over the past 12 months, the Great Eagle stub is trading at even deeper discount.

Alternatively, the share price also implies only a 4.0x FY11E ex-Champion REIT EPS, versus the 12% YoY growth expected in FY11E.

Figure 10: Discount to stub NAV calculation

NAV (Great Eagle)	54.3
minus: attrib. market value of Champion REIT / share	-18.9
Stub NAV (Great Eagle)	**35.4**
Current share price (Great Eagle)	26.4
minus: attrib. market value of Champion REIT / share	-18.9
Stub market price (Great Eagle)	**7.5**
Stub discount to NAV (%)	**-79**

Source: Company data, Credit Suisse estimates

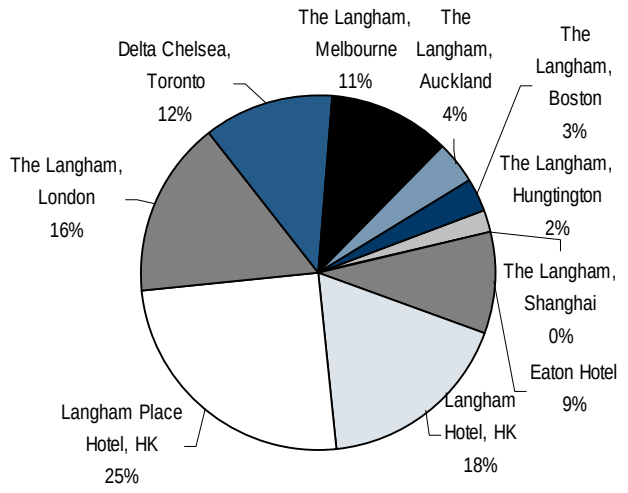
The stub is essentially a hotel stock, trading cheaper than hotel peers in Hong Kong, US and Europe

If we exclude the market value of the Champion REIT stock from the Great Eagle's EV, the stock is essentially a hotel stock. The current share price is, however, implying a 71% yield for its hotel business, which is excessively depressed in our view.

Great Eagle's hotel operation are primarily in **Hong Kong** (40% of hotel NAV / 60% of hotel EBITDA); **London** (14% of hotel NAV / 16% of hotel EBITDA); **Toronto** (18% of hotel NAV / 9% of hotel EBITDA); **Boston/Los Angeles** (13% of hotel NAV / 1% of hotel EBITDA); and **Australia/New Zealand** (14% of hotel NAV / 17% of hotel EBITDA).

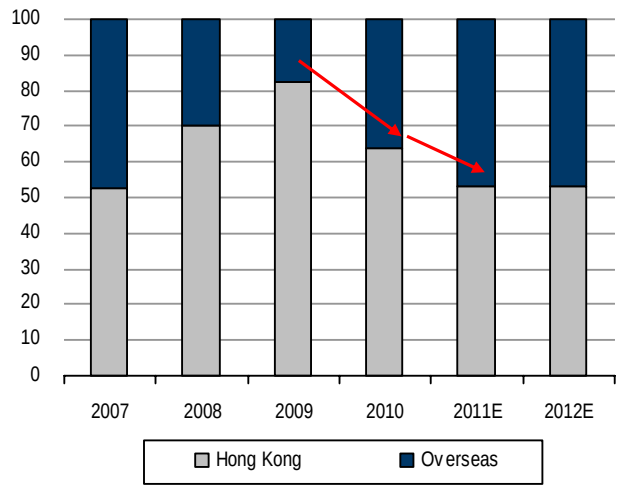
However, when compare with the hotel peers whether in the Asia Pacific, the US or Europe, Great Eagle ex. C-REIT is still significantly cheaper.

Figure 11: FY11E hotel EBITDA allocation



Source: Company data, Credit Suisse estimates

Figure 12: Overseas hotel operations continues momentum into 2011E



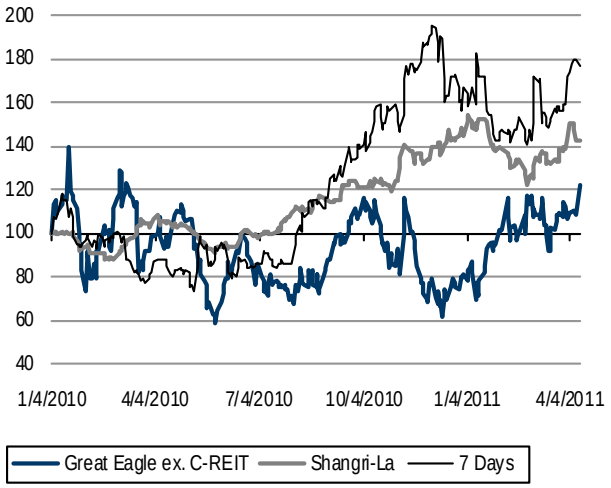
Source: Company data, Credit Suisse estimates

Figure 13: Implied FY11E EBITDA multiple of Great Eagle's hotel operation is merely 1.4x

Current share price (Great Eagle)	29.4
minus: attrib. market value of Champion REIT / share (15% disc)	16.0
minus: EV of other assets (15% disc)	11.7
EV of hotels	**1.8**
FY11E hotel EBITDA	1.2
Implied yield (%)	71
EBITDA multiple	**1.4**

Source: Company data, Credit Suisse estimates

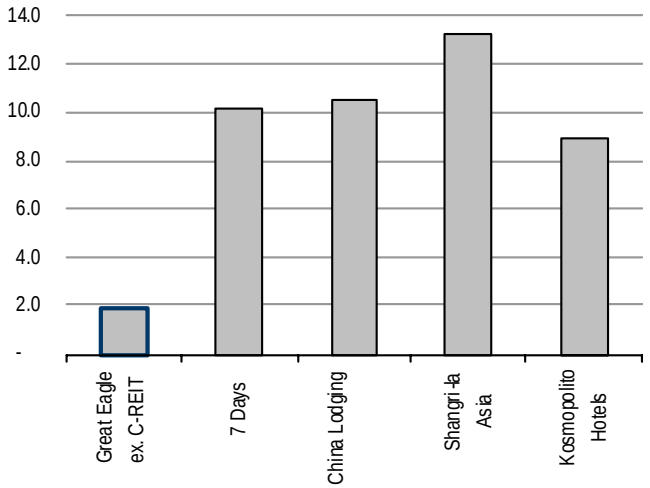
Figure 14: Share price movement since 2010 for Hong Kong hotels versus Great Eagle ex C-REIT



Note: Index = 100 on 4 Jan 2010.

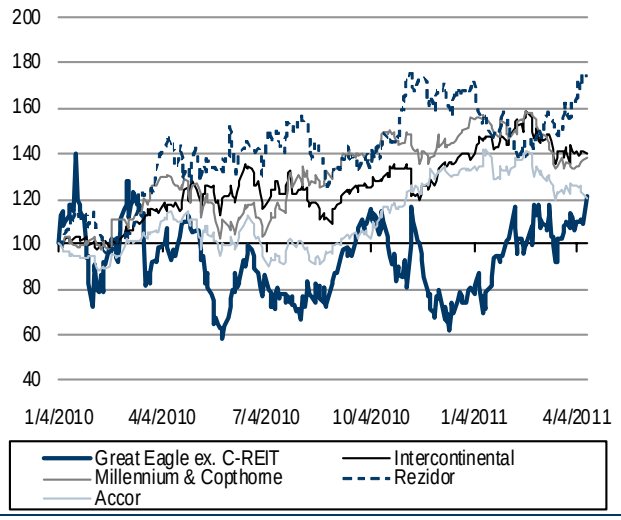
Source: Bloomberg, Credit Suisse estimates

Figure 15: FY11E EBITDA multiple for Asia Pacific hotels versus Great Eagle's hotel operations



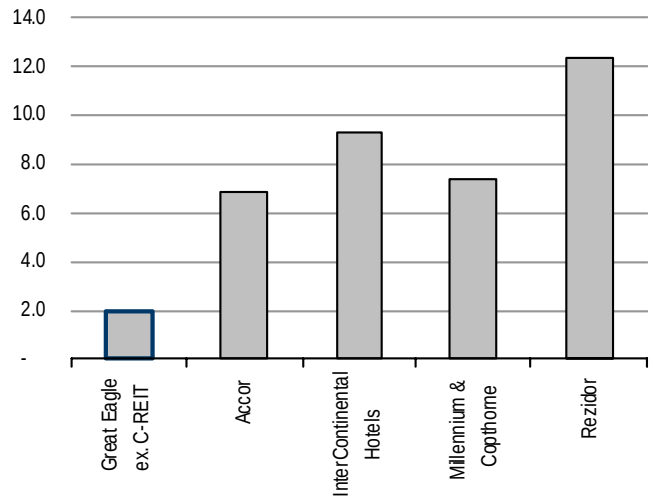
Source: Bloomberg, Credit Suisse estimates

Figure 16: Share price movement since 2010 for European hotels versus Great Eagle ex C-REIT



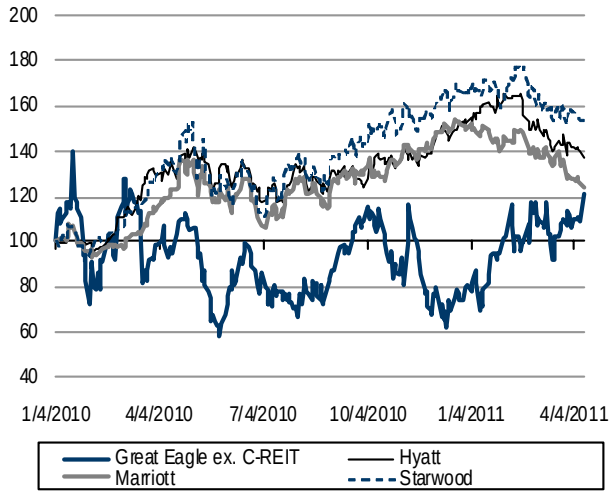
Source: Bloomberg, Credit Suisse estimates; Note: Index = 100 on 4 Jan 2010

Figure 17: : FY11E EBITDA multiple for European hotels versus Great Eagle's hotel operations



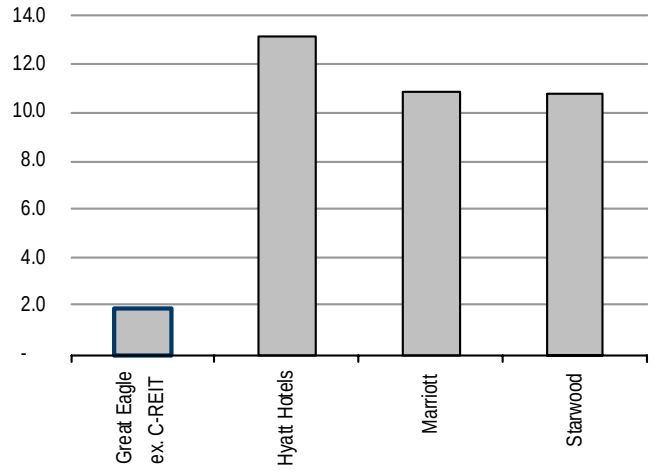
Source: Bloomberg, Credit Suisse estimates

Figure 18: Share price movement since 2010 for US hotels versus Great Eagle ex C-REIT



Source: Bloomberg, Credit Suisse estimates; Note: Index = 100 on 4 Jan 2010

Figure 19: FY11E EBITDA multiple for US hotels versus Great Eagle's hotel operations



Source: Bloomberg, Credit Suisse estimates

Conservative cap rates used in our hotel valuation

For hotel assets, we have adopted the cap rate approach for valuation, with a cap rate of 12% for Hong Kong hotels and 15% for overseas hotels.

We do reckon that the cap rate used is at the conservative side, when compared to the 4.8% cap rate applied for serviced apartments, 8% for hotels in Hong Kong and 11% for the US hotels. As shown in the sensitivity table in Figure 20, if we use 8% and 11% cap rates for Hong Kong hotels and overseas hotels, respectively, hotel assets can be valued with an additional HK$10.33 per share.

Figure 20: Sensitivity of cap rate to the hotel valuation

Hong Kong hotels

Cap rate (%)	**12**	**11**	**10**	**9**	**8**
Valuation (HK$ mn)	6,120	6,676	7,344	8,160	9,180
Valuation / share (HK$)	**9.83**	**10.72**	**11.79**	**13.11**	**14.74**
% increase in valuation from CS base case		9	20	33	50
Incremental valuation per share		0.89	1.97	3.28	4.91

Overseas hotels

Cap rate (%)	**15**	**14**	**13**	**12**	**11**
Valuation (HK$ mn)	9,266	9,928	10,692	11,583	12,636
Valuation / share (HK$)	**14.88**	**15.95**	**17.17**	**18.60**	**20.29**
% increase in valuation from CS base case		7	15	25	36
Incremental valuation per share		1.06	2.29	3.72	5.41

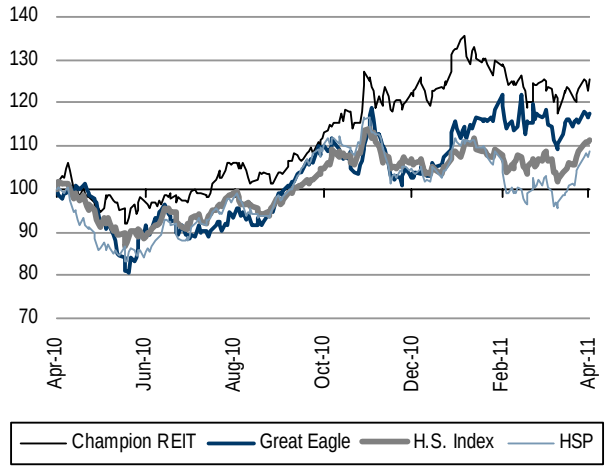
Total hotel valuation / share (HK$)	**24.71**	**26.67**	**28.97**	**31.71**	**35.04**

Source: Company data, Credit Suisse estimates

Catching up with Champion REIT's performance

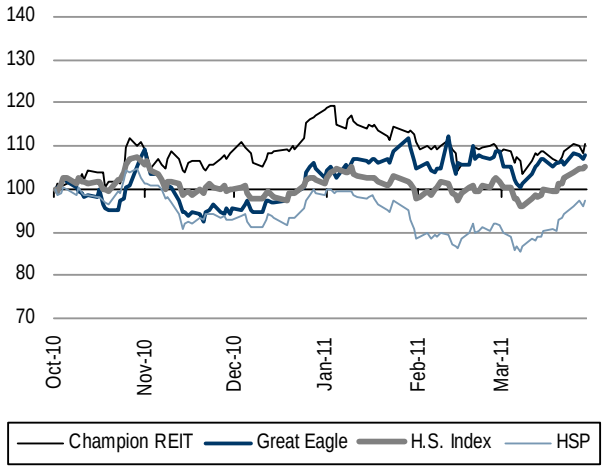
Last but not the least, Great Eagle's share price did not follow the rally of Champion REIT, especially during November 2010–January 2011.

Figure 21: 12M price performance – Champion REIT has outperformed Great Eagle



Source: Bloomberg, Credit Suisse estimates

Figure 22: 6M price performance – Great Eagle is catching up with Champion REIT, and we expect this to continue



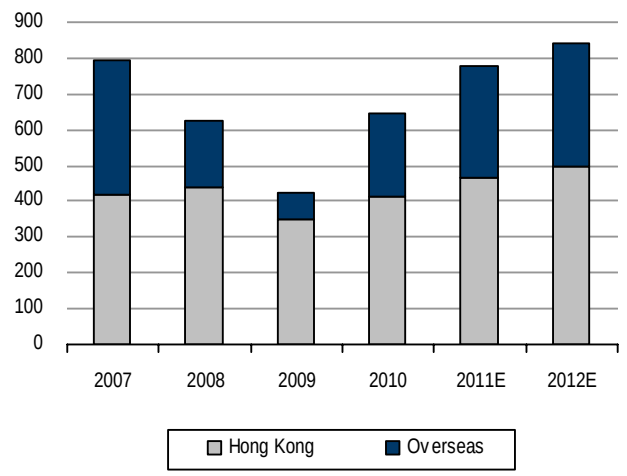
Source: Bloomberg, Credit Suisse estimates

Hotel operations

After the trough of 2009, the hotel operations witnessed a turnaround in FY10, especially in 2H10. We expect corporate and leisure travel segments to continue to grow in FY11, driving up both the occupancy and room rates of Great Eagle's hotels. This results in our expectation of an overall 10% YoY increase in RevPAR during 2011E. While the Hong Kong hotels would primarily be driven by an increase in room rates, we expect the occupancy of overseas hotels to continue to improve and serve as the major driver behind the overseas RevPAR growth.

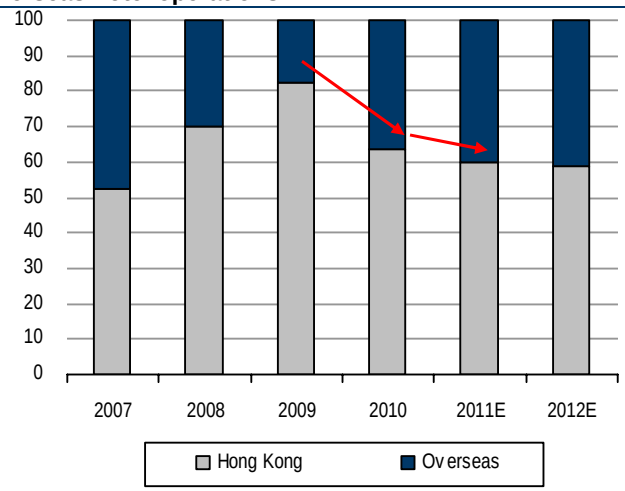
For some well-performing hotels, we have assumed an equivalent increase in costs, i.e., same margins is assumed, as we realise that Great Eagle exercised a very tight cost control in FY10and it might be more relaxed in FY11E in order to maintain the hotel's superiority in terms of quality. In a nutshell, we expect 25% YoY growth in EBIDTA, on the back of a 10% YoY growth in RevPAR, and an 8% growth in operating costs.

Figure 23: EBITDA (HK$ mn) from hotel operations



Source: Company data, Credit Suisse estimates

Figure 24: EBITDA % allocation between Hong Kong and overseas hotel operations



Source: Company data, Credit Suisse estimates

Overseas hotel operation continues to be the growth driver for 2011

While the Hong Kong hotel operations are the major contributor for hotel EBIT (FY10: 64%; FY09: 82%), we expect the overseas hotel operations to be the growth driver of Great Eagle's hotel EBIT for 2011E.

Great Eagle's overseas hotel operations are primarily in London, the USA, Melbourne and Auckland. In 2010, the Shanghai Xintiandi, where Great Eagle has 33.3% stake, was soft-launched as well.

FY11E RevPAR to increase 12% YoY, driven by both occupancy and room rate

We expect the occupancy rate to further improve in 2011 for all the overseas hotels, as (1) hotel refurbishment for Langham London has been substantially completed in 2010, which could help uplift the hotels' quality and ; (2) demand for hotels is expected to grow further in 2011, especially in London and Boston, with tourism and business travel are expected to pick up further.

We have modelled in a 5 percentage point increase in occupancy rates from 2010 to 2011E for all the overseas hotels, and a 3-5 percentage point increase in average room

rate in 2011E. As such, we expect the RevPAR to increase by 12% YoY and the EBIT to increase by 33% YoY in 2011E for overseas hotel operations.

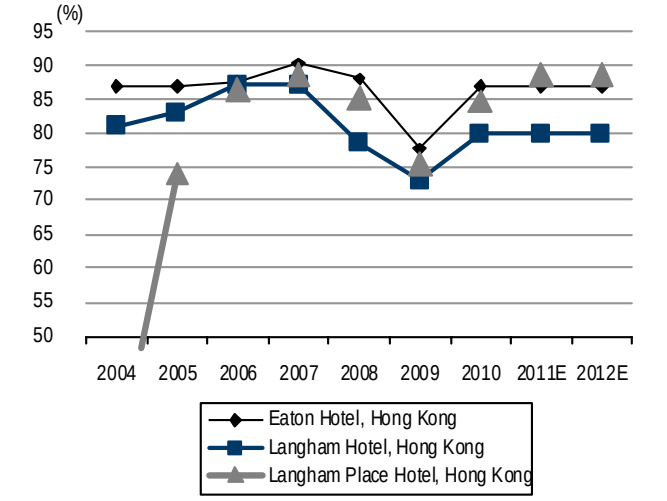
Hong Kong hotel operations

On the other hand, the Hong Kong hotel operations have already performed well in both 2009 and 2010, with occupancy reaching its peak and hence any EBIT growth will have to come from the increase in room tariff. While we are positive on the Hong Kong hotel operations, we believe overseas operations should garner more attention from the investors.

FY11E RevPAR to increase 7% YoY, primarily driven by room rate growth

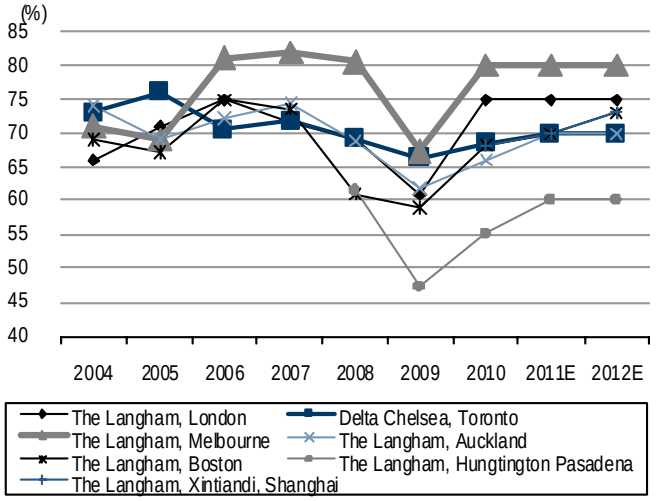
We have modelled in the same occupancy rate for 2011 as that for 2010, for Eaton Hotel and Langham Hotel (86.8% and 80%, respectively), and expect that for Langham Place Hotel to leap up by 4 percentage points YoY, to 89% in 2011, which implies the peak occupancy that was achieved in 2007. Together with our assumption of a 5% YoY increase in room rate, we expect the RevPAR to increase by 7% YoY and EBIT to increase by 24% YoY.

Figure 25: Occupancy performance for Hong Kong hotels owned by Great Eagle



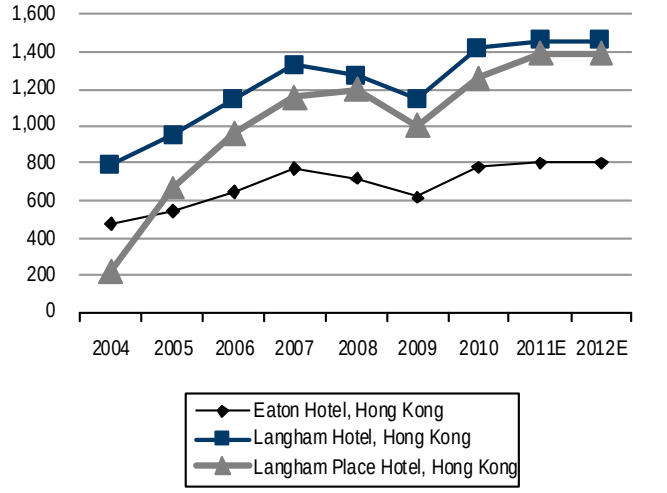
Source: Company data, Credit Suisse estimates

Figure 26: Occupancy performance for overseas hotels owned by Great Eagle



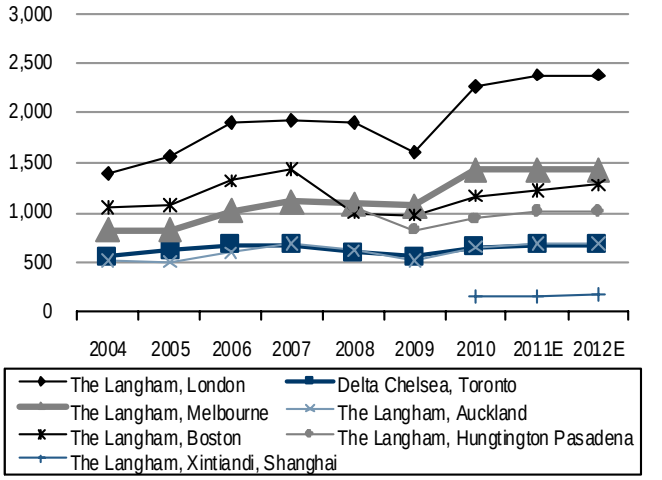
Source: Company data, Credit Suisse estimates

Figure 27: RevPAR performance for Hong Kong hotels owned by Great Eagle



Source: Company data, Credit Suisse estimates

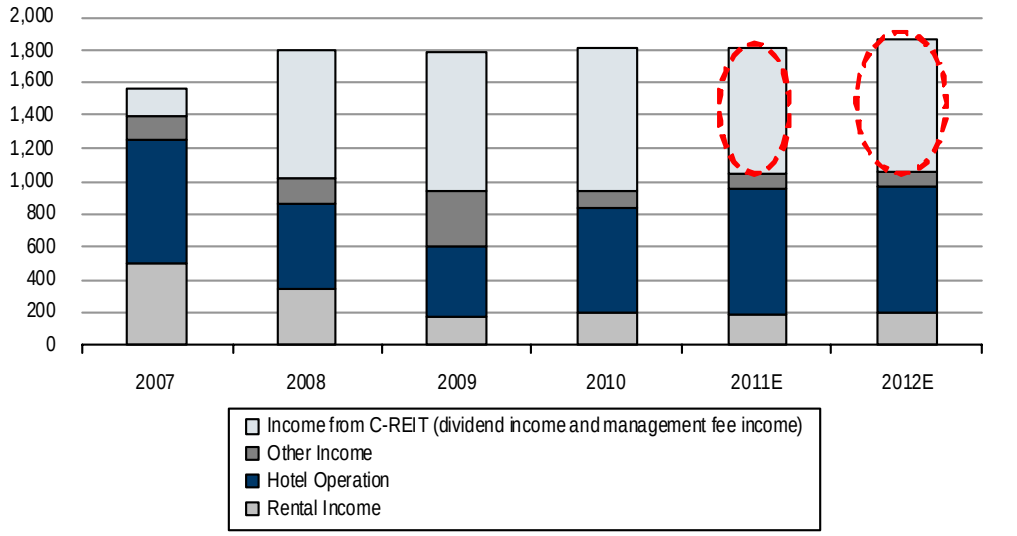
Figure 28: RevPAR performance for overseas hotels owned by Great Eagle



Source: Company data, Credit Suisse estimates

An inexpensive option to office strength in Hong Kong

Figure 29: Contribution from Champion REIT is expected to trough in 2011E, then set for strong rebound



Source: Company data, Credit Suisse estimates

Property rental business

Great Eagle owns a number of investment properties in Hong Kong and the US from which it receives rental income. We estimate that the investment properties account for 15% of FY11E NAV and 9% of the FY11E EBITDA.

We hold a positive view on Great Eagle's rental business in Hong Kong, which is expected to contribute 77% of both FY10 and FY11 rental profits. Its Great Eagle Centre situated in Wanchai, and its Eaton House serviced apartments in Happy Valley, have both benefitted from the strong demand since 2H10.

Figure 30: Great Eagle's investment property portfolio

Property	Category	GFA (sq ft)	FY11E NAV
Great Eagle Centre	Off	193,000	2,397
Great Eagle Centre	Retail	77,000	559
Great Eagle Centre	Car Parks	296	133
Eaton House Furnished Apartment	Lux Res	92,000	779
Convention Plaza Apartments	Lux Res	6,000	74
Total		**368,296**	**3,943**

Source: Company data, Credit Suisse estimates

A cheap way to Central office strength via Champion

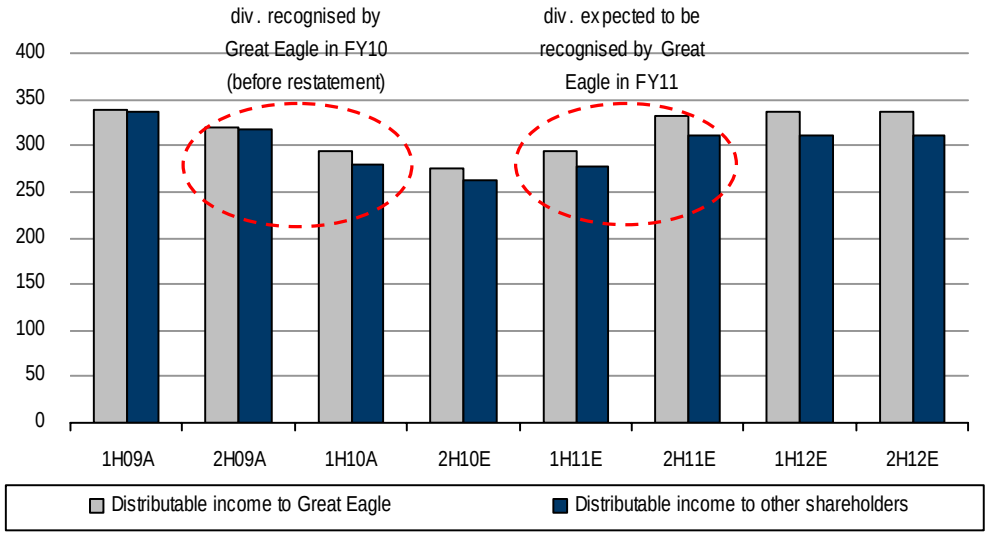
Great Eagle owns a 51.43% stake in Champion REIT as at December 2010. Great Eagle's profits from Champion REIT are twofold: the manager's fee income for managing the Champion REIT, and the dividend received from Champion REIT upon distribution.

Since July 2010, the Champion REIT has been reclassified as an associate company, but the core profits will still be based on dividend received from the Champion REIT. The only difference between FY11 reporting and the previous reporting is that from FY11 onwards, there would not be six month time lag between Champion REIT's earnings and Great Eagle's earnings. Great Eagle's FY11 earnings will be based on Champion REIT's FY11

dividends declared. Prior to FY11, Great Eagle's dividend income received from Champion REIT lagged from what Champion REIT declared by six months.

Leading from that, since we expect Champion REIT's earning to trough in 2H10 and 1H11, and thereafter be set for a recovery in 2H11, this is expected to be reflected as a trough in Great Eagle's dividend income from Champion REIT in FY11E, whereafter we would expect a strong rebound in the dividend income.

Figure 31: Distribution of Champion REIT to Great Eagle



Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 18 Apr 11)*
7 Days Group Holdings Ltd. (SVN.N, $21.98, OUTPERFORM [V], TP $27.90)
Accor (ACCP.PA, Eu30.28, OUTPERFORM, TP Eu39.80, MARKET WEIGHT)
Champion Real Estate Investment Trust (2778.HK, HK$4.58, NEUTRAL, TP HK$4.41)
Choice Hotels (CHH, $39.10, UNDERPERFORM, TP $35.00)
Great Eagle Hdg. (0041.HK, HK$27.15, OUTPERFORM, TP HK$38.0)
Home Inns & Hotels Management Inc (HMIN.OQ, $43.20)
Hyatt Hotels (H, $41.97, OUTPERFORM, TP $54.00)
InterContinental Hotels (IHG.L, 1250.00 p, OUTPERFORM, TP 1560.00 p, MARKET WEIGHT)
Kosmopolito Hotels International Ltd. (2266.HK, HK$1.70, OUTPERFORM [V], TP HK$2.56)
Marriott International (MAR, $34.88, OUTPERFORM, TP $50.00)
Millennium & Copthorne (MLC.L, 527.50 p, OUTPERFORM, TP 645.00 p, MARKET WEIGHT)
Rezidor Hotel Group (REZT.ST, SKr42.50, OUTPERFORM, TP SKr50.00, MARKET WEIGHT)
Shangri-la Asia (0069.HK, HK$21.30, OUTPERFORM, TP HK$24.20)
Starwood Hotels and Resorts Worldwide, Inc. (HOT, $58.24, OUTPERFORM [V], TP $73.00)

Disclosure Appendix

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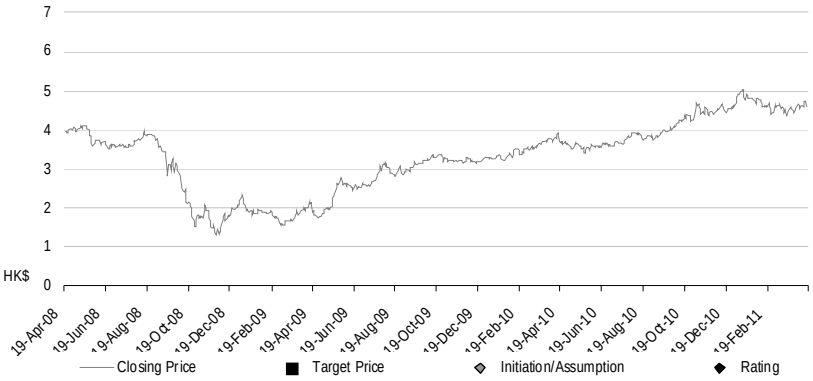
3-Year Price, Target Price and Rating Change History Chart for 2778.HK

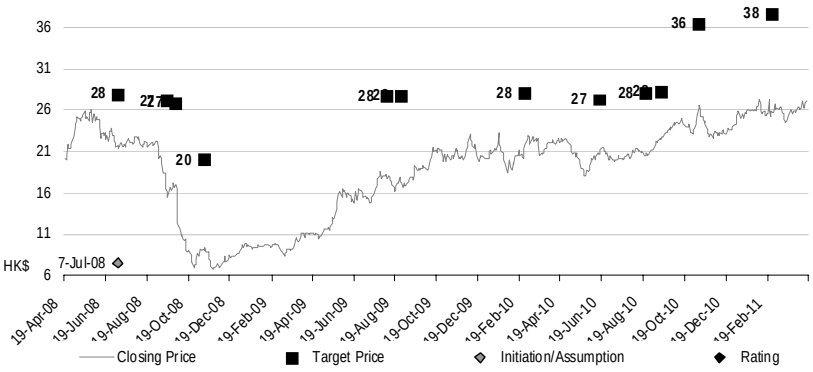
2778.HK Date	Closing Price (HK$)	Target Price (HK$)	Rating	Initiation/ Assumption



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

3-Year Price, Target Price and Rating Change History Chart for 0041.HK

0041.HK Date	Closing Price (HK$)	Target Price (HK$)	Rating	Initiation/ Assumption
7-Jul-08	21.75	27.9		X
17-Sep-08	16.22	27.137		
29-Sep-08	16.7	26.88		
10-Nov-08	9.2	19.969		
6-Aug-09	18.18	27.61		
27-Aug-09	17.28	27.751		
25-Feb-10	21.45	27.952		
15-Jun-10	20.6	27.25		
23-Aug-10	20.45	27.948		
14-Sep-10	22.45	28.261		
9-Nov-10	26.2	36.4		
24-Feb-11	25.85	37.6		



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

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Underperform/Sell*	11%	(51% banking clients)
Restricted	2%	

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Price Target: (12 months) for (2778.HK)
Method: Our HK$4.41 target price for Champion REIT is set at 30% discount to our estimated 12M net asset value (NAV), as the Citibank Plaza leasing is at the recovering stage which warrants 30% discount to NAV which is 10% above historical average since its listing in 2006.
Risks: The downside risk to our HK$4.41 target price for Champion REIT is a slower-than-expected recovery in Central office rent. An increase in interest rate may increase our yield for IP which in turn may lower the size of our NAV.
Price Target: (12 months) for (0041.HK)
Method: Our target price of HK$38/share for Great Eagle is based on a 30% discount to our estimated NAV of HK$54.3. The target discount is set above the company's historical average trading range as the sector is trading at upper cycle.
Risks: Risks to our target price of HK$38/share for Great Eagle are an unexpected interest rate hike, which could raise Great Eagle's financing cost and add slower-than-expected office demand in Central, and this could moderate the strong rental reversion pattern.

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