



**KERRY PROPERTIES LIMITED**  
嘉里建設有限公司

**FY2014 Interim Results  
Presentation to Investors**  
August 2014



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## 1H 2014 Interim Results Review



<b>HONG KONG PROPERTY</b>	
Total Contract Sales	✓ HKD 3.4 bn
Total Saleable Area Sold	✓ Approx. 135,000 sf
Key Properties Sold	✓ The Summa*, Altitude, Lions Rise
Ongoing Construction Activities	✓ Kau To (Dragons Range), So Kwun Wat, 5-6 Hing Hon Road, Sheung Lok Street projects
<b>PRC PROPERTY</b>	
Total Contract Sales	✓ Approx. HKD 2.1 bn
Total GFA Sold	✓ Approx. 126,000 sm
Key Properties Sold	<ul style="list-style-type: none"> <li>✓ Putian Arcadia Court Ph 1*, Nanchang Arcadia Court Ph 1*</li> <li>✓ Hangzhou Parkview Residences Ph 2, Chengdu Metropolis-Arcadia Court Ph 1, Tangshan Arcadia Court, Tianjin Arcadia Court, Shenyang Arcadia Court Ph 1, Shenyang Enterprise Square office, Ningbo The Berylville Ph 1</li> </ul>
Ongoing Construction Activities	✓ Major Investment Properties: Tianjin Kerry Centre Ph 1, Kerry Central Hangzhou, Nanchang Complex Development Ph 1, Shenyang Kerry Centre Ph1, Jinan Complex Development

\* Launched during 1H 2014



(HKD mm)	Six months ended <u>30 Jun 2014</u>	Six months ended <u>30 Jun 2013</u>	<u>% Change</u>
<b>Turnover *</b>	6,174	7,732	-20%
<b>Gross profit *</b>	3,234	3,269	-1%
<i>Gross profit margin (%) *</i>	52%	42%	+10%
<b>Profit attributable to shareholders</b>			
- Before taking into account the net increase in fair value of investment properties and the share of net profit of Kerry Logistics	1,596	1,840	-13%
- Share of net profit of Kerry Logistics	208	455	-54%
- Before taking into account the net increase in fair value of investment properties	1,804	2,295	-21%
- Increase in fair value of investment properties (net of related tax effects)	586	3,080	-81%
- After taking into account the net increase in fair value of investment properties	<u>2,390</u>	<u>5,375</u>	-56%
<b>Earnings per share (HK\$)</b>			
- Before taking into account the net increase in fair value of investment properties	1.25	1.59	-21%
- After taking into account the net increase in fair value of investment properties	1.65	3.73	-56%
<b>Interim dividend per share (HK\$)</b>	0.30	0.35	-14%
<b><i>Payout ratio (%)</i></b>	<b>24.0%</b>	<b>22.0%</b>	<b>+2%</b>

\* From continuing operations only

(HKD mm)	Six months ended <u>30 Jun 2014</u>	% <u>Weighting</u>	Six months ended <u>30 Jun 2013</u>	% <u>Weighting</u>	<u>% Change</u>
Revenue from Property Rental					
- PRC	1,037	17%	528	7%	+96%
- Hong Kong	437	7%	449	6%	-3%
	<u>1,474</u>	<u>24%</u>	<u>977</u>	<u>13%</u>	<u>+51%</u>
Revenue from Property Sales *					
- PRC	703	11%	2,710	35%	-74%
- Hong Kong	3,437	56%	3,901	50%	-12%
	<u>4,140</u>	<u>67%</u>	<u>6,611</u>	<u>85%</u>	<u>-37%</u>
Hotel Revenue - PRC	560	9%	144	2%	+289%
<b>Total Turnover</b>	<b><u>6,174</u></b>	<b><u>100%</u></b>	<b><u>7,732</u></b>	<b><u>100%</u></b>	<b><u>-20%</u></b>
Recurrent Revenue	2,034	33%	1,121	14%	+81%
Non-Recurrent Revenue	4,140	67%	6,611	86%	-37%
Total	<u>6,174</u>	<u>100%</u>	<u>7,732</u>	<u>100%</u>	<u>-20%</u>

\* Exclude sales of investment properties



<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2014</u></b>	<b>% <u>Weighting</u></b>	<b>Six months ended <u>30 Jun 2013</u></b>	<b>% <u>Weighting</u></b>	<b><u>% Change</u></b>
<u>Recurrent Gross Profit</u>					
Property Rental	1,152	36%	750	23%	+54%
Hotel Operations	<u>48</u>	<u>1%</u>	<u>19</u>	<u>1%</u>	+153%
Total Recurrent Gross Profit	1,200	37%	769	24%	+56%
<u>Non-recurrent Gross Profit</u>					
Property Sales	2,034	63%	2,500	76%	-19%
<b>Total</b>	<b><u><u>3,234</u></u></b>	<b><u><u>100%</u></u></b>	<b><u><u>3,269</u></u></b>	<b><u><u>100%</u></u></b>	<b>-1%</b>





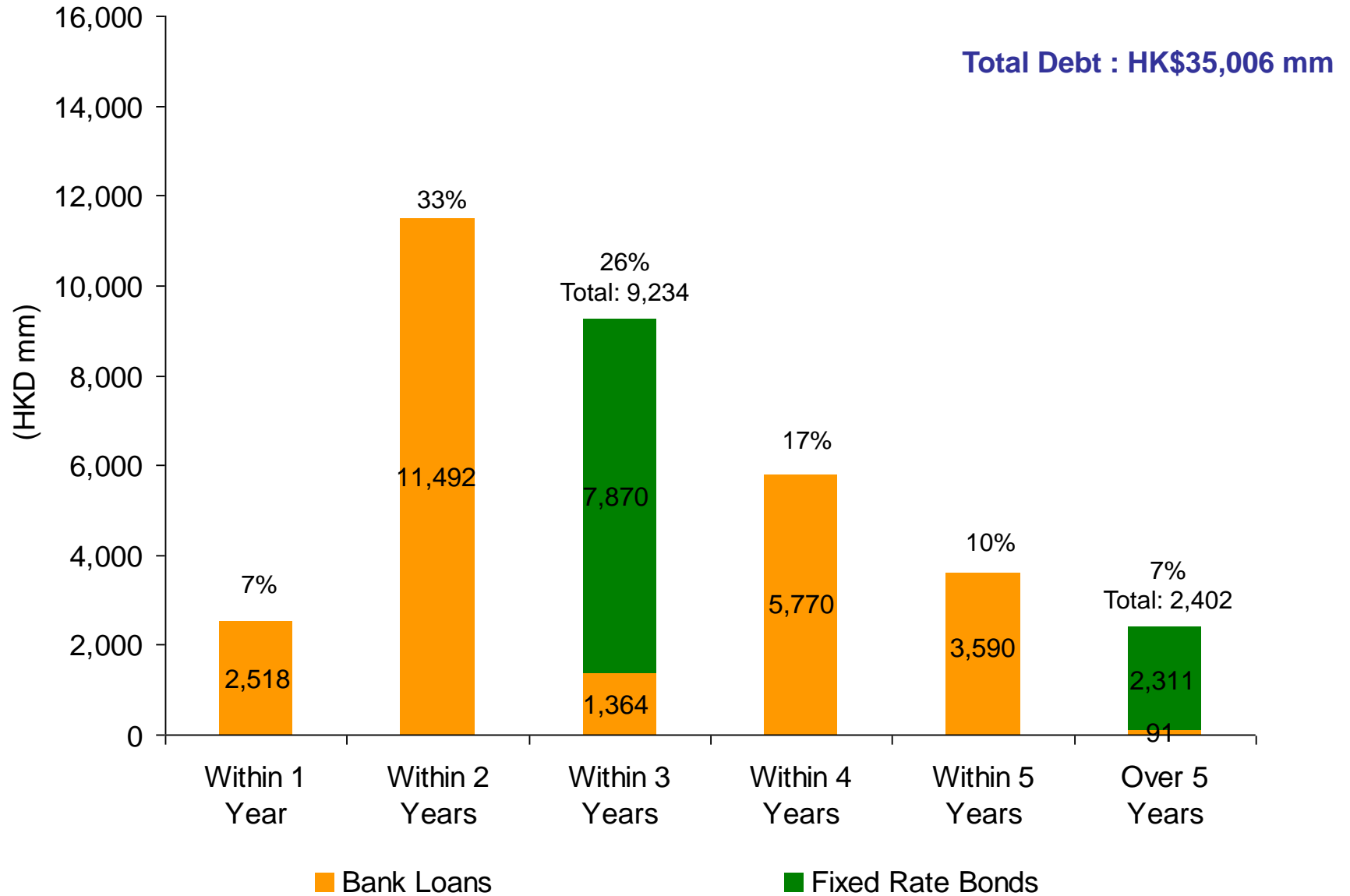
## Balance Sheet as of June 30, 2014

<b>(HKD mm)</b>	<b><u>As of</u> <u>Jun 30, 2014</u></b>	<b><u>As of</u> <u>Dec 31, 2013</u></b>	<b><u>% Change</u></b>
Total Debt	35,006	34,976	+0%
Less: Cash and Bank Balances	<u>(10,791)</u>	<u>(11,494)</u>	-6%
Net Debt	<u>24,215</u>	<u>23,482</u>	+3%
 Undrawn bank loan facilities	 9,284	 11,181	 -17%
 NAV	 76,016	 75,755	 +0%
Gearing Ratio	31.9%	31.0%	+0.9%
 No. of issued shares at period end (mm)	 1,444	 1,444	 +0.0%
NAV / Share	HK\$52.63	HK\$52.45	+0.3%
	<b><u>1H FY 2014</u></b>	<b><u>1H FY 2013</u></b>	
Interest cover * (x) <i>(excl. discontinued operations - KLN)</i>	6.9	6.9	
Dividend cover * (x)	4.2	4.5	

\* Before fair value increase of investment properties



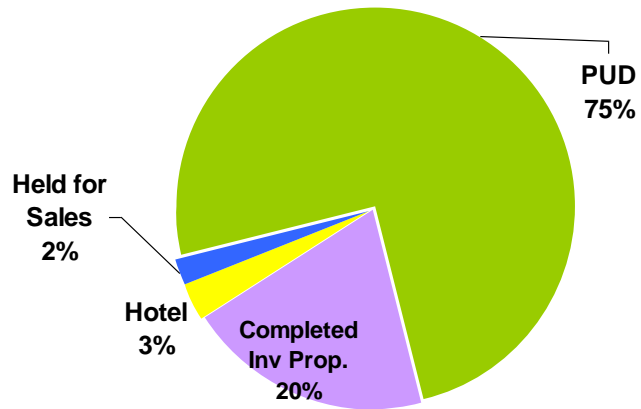
## Debt Maturity Profile



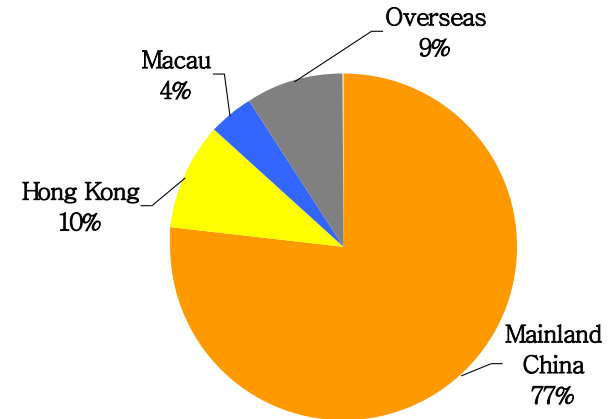


Total Property Portfolio Attributable GFA: Approx. 57.6 mm s.f.

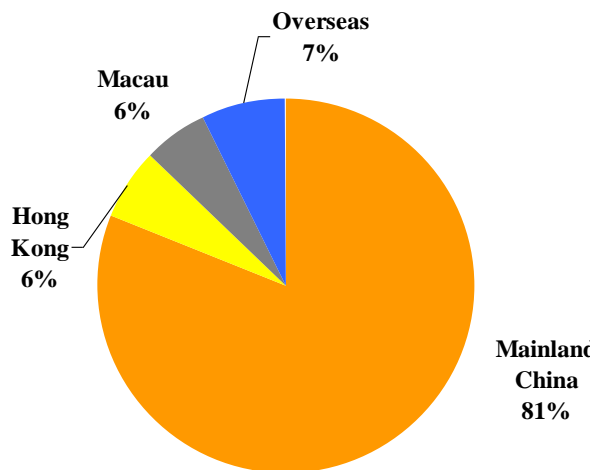
### Overall – By Type



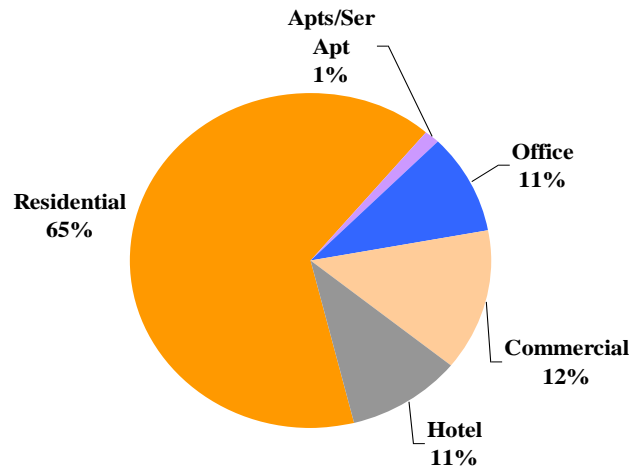
### Overall – By Location



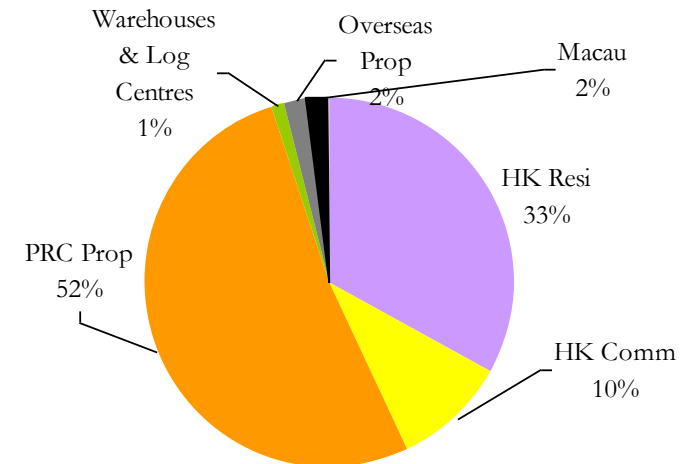
### PUD – By Location



### PRC PUD – By Usage



### Gross Asset Value





# Hong Kong Property

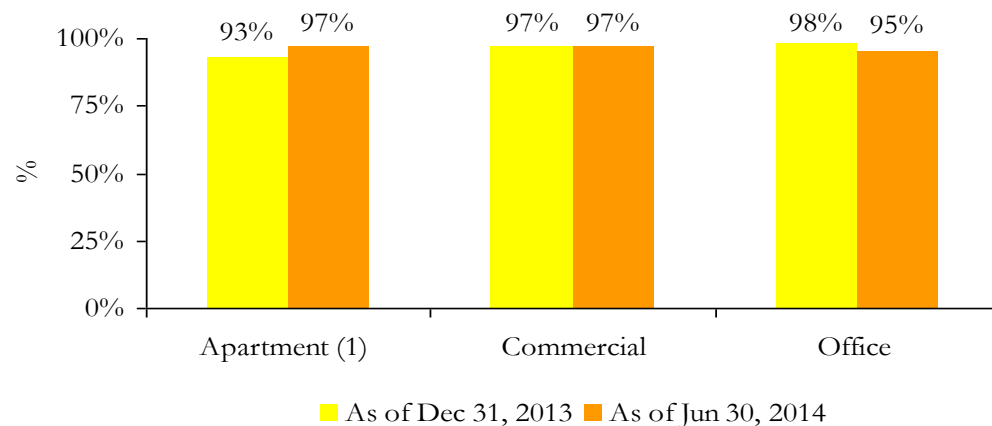


<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2014</u></b>	<b>Six months ended <u>30 Jun 2013</u></b>	<b><u>% Change</u></b>
<u>Turnover</u>			
Property sales revenue excluding investment properties	3,437	3,901	-12%
Property rental	<u>437</u>	<u>449</u>	-3%
Total turnover	<u><u>3,874</u></u>	<u><u>4,350</u></u>	-11%
<u>Gross profit</u>			
Property sales	1,782	1,378	+29%
Property rental	<u>337</u>	<u>356</u>	-5%
Total	<u><u>2,119</u></u>	<u><u>1,734</u></u>	+22%
<u>Gross profit margin</u>			
<i>Property sales</i>	<i>52%</i>	<i>35%</i>	
<i>Property rental</i>	<i>77%</i>	<i>79%</i>	
<i>Overall</i>	<i>55%</i>	<i>40%</i>	

GFA (000s s.f.)	
Apartment	722
Commercial	1,349
Office	838
<b>Total</b>	<b>2,909</b>

As at 30 Jun 2014

### Occupancy



(1) Excluding Branksome Grande with refurbishment works commenced in Q2 of 2014.

### Luxury apartments in Mid Levels



Aigburth



Branksome Crest

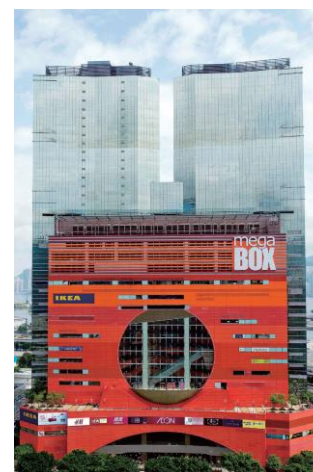


Branksome Grande



Tavistock

### Commercial investment properties



MegaBox and Enterprise Square 5, Kowloon Bay



Kerry Centre, Quarry Bay

## HK/Macau PUD Buildable GFA \* = 3.1 mm s.f.

Name		Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	Buildable GFA* (s.f.)
<b>FOR SALE PROPERTIES</b>							
1	8 LaSalle	Ho Man Tin	R	Interior finishing work in progress	3Q14	100	60,865
2	Dragons Range	Sha Tin	R	Superstructure work in progress	2Q15	40	412,584
3	Hing Hon Road Project	Sai Ying Pun	R	Foundation work in progress	1Q16	71	27,357
4	Shan Kwong Building Redev't Project	Wong Nai Chung	R	Foundation work completed	4Q16	100	81,322
5	So Kwun Wat Project	Tuen Mun	R	Site formation and foundation work in progress	4Q16	100	939,600
6	Sheung Lok Street Project	Ho Man Tin	R	Site formation and foundation work in progress	1Q17	100	1,142,168
7	Sha Tin Heights Road Project	Sha Tin	R	Conceptual design in progress	1Q17	71	11,727
8	Nam Van Project	Macau	R	Schematic design in progress	2Q18	100	397,190
<b>GRAND TOTAL</b>							<b>3,072,813</b>

R=Residential

\* KPL share



# Key Hong Kong Residential Projects



The Altitude



The Summa



1 Ede Road & 3 Ede Road



8 LaSalle



Dragons Range





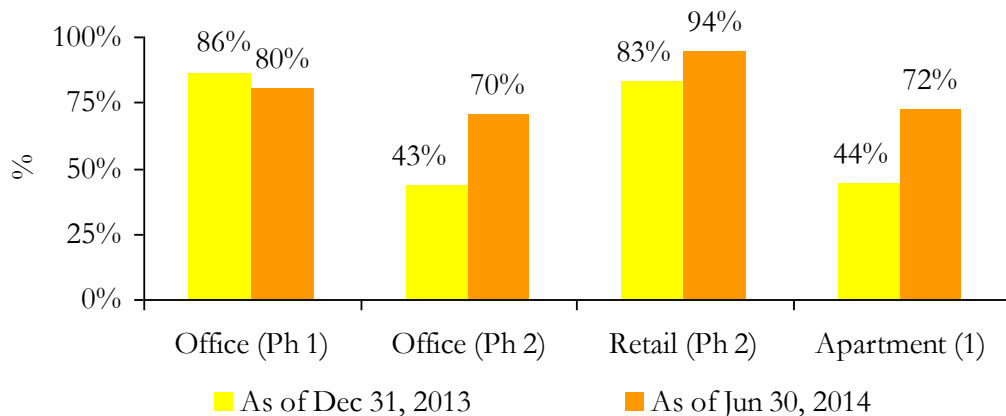
## PRC Property

<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2014</u></b>	<b>Six months ended <u>30 Jun 2013</u></b>	<b><u>% Change</u></b>
<u>Turnover</u>			
Property rental	1,037	528	+96%
Property sales revenue excluding investment properties	703	2,710	-74%
Hotel	560	144	+289%
Total turnover	<u>2,300</u>	<u>3,382</u>	-32%
Sales proceeds from investment properties	17	74	-77%
Total property revenue	<u><u>2,317</u></u>	<u><u>3,456</u></u>	-33%
<u>Gross profit</u>			
Property rental	815	394	+107%
Property sales	252	1,122	-78%
Hotel	48	19	+153%
Total	<u><u>1,115</u></u>	<u><u>1,535</u></u>	-27%
<u>Gross profit margin</u>			
<i>Property rental</i>	79%	75%	
<i>Property sales</i>	36%	41%	
<i>Hotel</i>	9%	13%	
<i>Overall</i>	48%	45%	



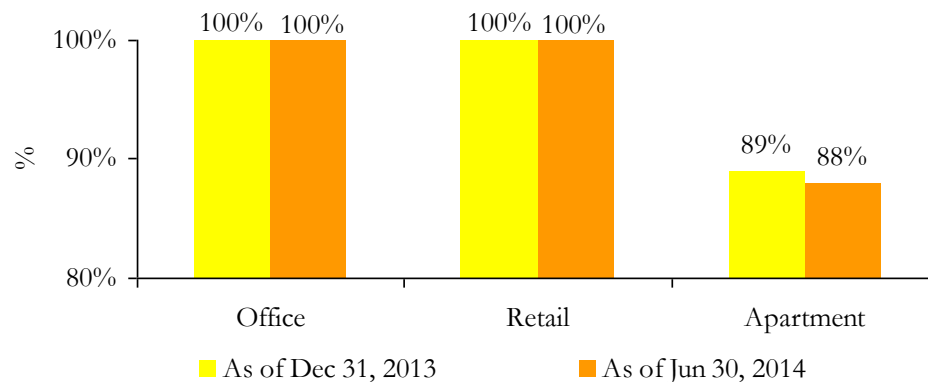
# PRC Key Investment Properties Performance

## Jing An Kerry Centre

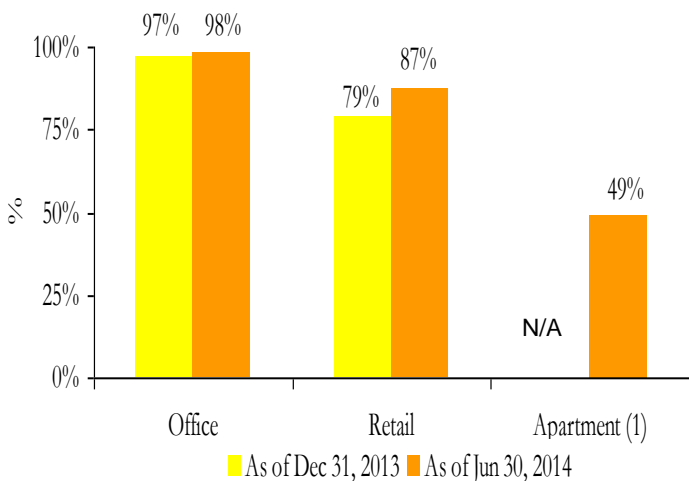


(1) Apartments were renovated and re-introduced into the market in 2013.

## Kerry Parkside, Pudong

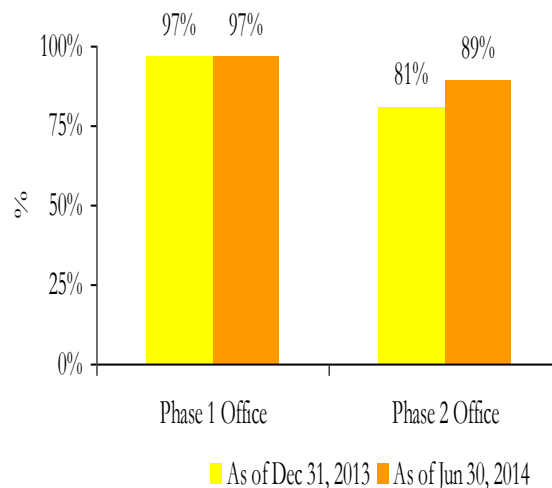


## Beijing Kerry Centre

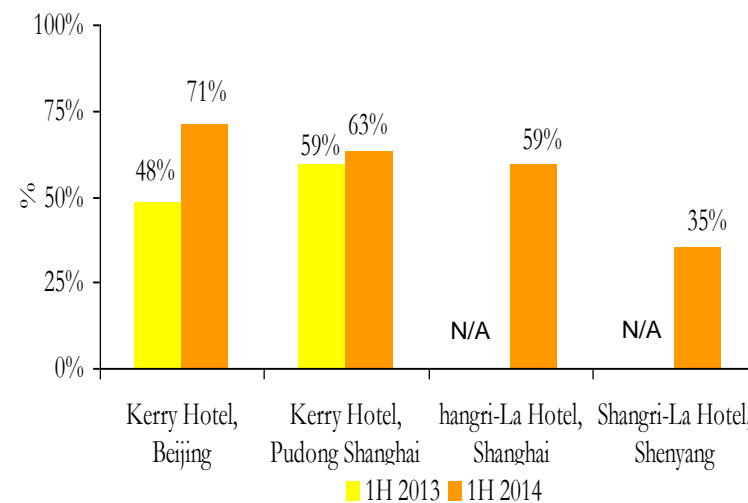


(1) Renovation of apartment was completed with leasing commenced in April 2014.

## Shenzhen Kerry Plaza

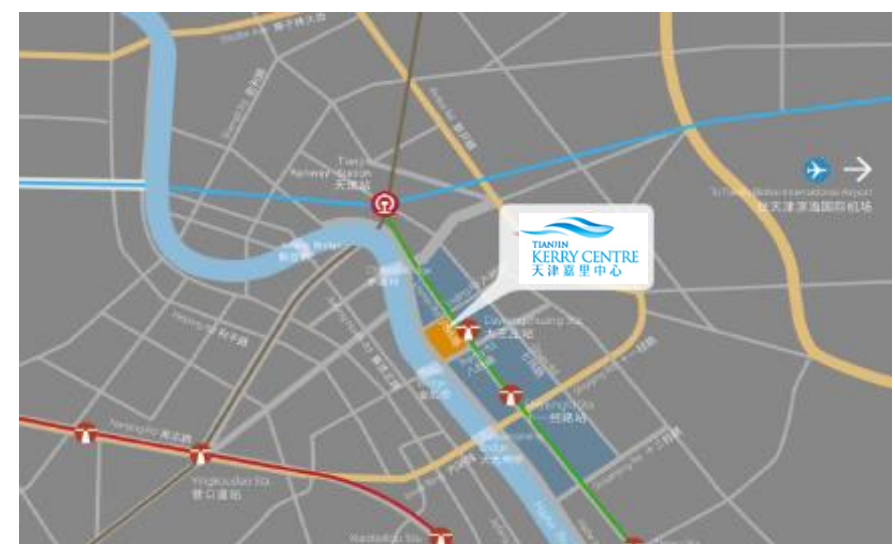


## Hotel



**Development Mix**

<b>Site Area</b>	Approx 86,000 s.m.
<b>Phase 1</b>	
<b>Total GFA</b>	Approx 508,000 s.m.
<b>For-Sale Residential</b>	Approx 181,000 s.m. or 1,126 units
<b>Commercial</b>	Approx 82,000 s.m.
<b>Hotel</b>	Approx 90,000 s.m. or 510 keys
<b>Carparks</b>	Approx 160,000 s.m. or 2,509 lots
<b>Completion</b>	In phases between 2014 and 2015
<b>Phase 2</b>	
<b>Total GFA</b>	Approx 200,000 s.m.
<b>For-Sale Residential</b>	Approx 29,000 s.m.
<b>Office</b>	Approx 70,000 s.m.
<b>Apartments</b>	Approx 31,000 s.m.
<b>Commercial</b>	Approx 36,000 s.m.
<b>Carparks</b>	Approx 34,000 s.m. or 600 lots
<b>TOTAL PROJECT GFA</b>	<b>Approx 708,000 s.m.</b>
<b>Leasing (Committed)</b>	<b>63%</b>





# Key PRC Investment Properties Under Development Target Completion (2014-2017)

2014



Nanjing (hotel)

Between 2014 and 2015



Tianjin Kerry Centre Ph 1  
(hotel + commercial)



Tangshan (hotel + commercial)



Nanchang Ph 1 (hotel)

2015



Shanghai Kerry Everbright City  
Ph 3 (office + commercial)



Kerry Central, Hangzhou

2016



Jinan (office + hotel  
+ commercial)



Yingkou (hotel)



Kunming (hotel)

2017



Zhengzhou mixed use

**Total PRC PUD Attributable GFA = 35 mm s.f.**

Name		Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)
<b>MIXED USED DEVELOPMENT</b>							
1	Tianjin Kerry Centre	Tianjin	R/C/H/O/A	Ph 1 – Completion verification in progress	Ph 1 – In phases between 2014 & 2015	49	2,313,255
2	Kerry Central, Hangzhou	Hangzhou	A/C/H/O	Basement construction and superstructure work in progress	2015	75	1,576,544
3	Nanchang Arcadia Court and Hotel Development	Nanchang	R/H/O/C	Ph 1 – Hotel: Interior fitting, mechanical & engineering work in progress. Ph 1 – Residential: Superstructure work in progress	Ph 1 – In phases between 2014 & 2015	80	2,050,861
4	Shenyang Kerry Centre	Shenyang	R/O/C	Ph 1 – Office: Completion verification in progress. Ph 1 – Residential: Interior decoration and mechanical and engineering work in progress Ph 2 – Excavation work completed	In phases between 2014 & 2022	60	7,073,452
5	Zhengzhou Complex Development	Zhengzhou	R/H/O/C	Schematic design in progress	2017	55	1,293,007
<b>SUBTOTAL</b>							<b>14,307,119</b>
<b>OTHER INVESTMENT PROPERTIES</b>							
6	Nanjing Hotel Development	Nanjing	H	Superstructure work, mechanical and engineering completed. External and interior work in progress	2014	45	401,207
7	Jinan Complex Development	Jinan	O/C/H	Piling work in progress	2016	55	540,237
8	Kunming Complex Development	Kunming	H/A	Schematic design in progress	2016	35	281,809
<b>SUBTOTAL</b>							<b>1,223,253</b>
<b>TOTAL FOR MIXED USE DEVELOPMENT AND OTHER INVESTMENT PROPERTIES</b>							<b>15,530,372</b>



## PRC Properties Under Development (cont'd.)

Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)	
<b>FOR SALE PROPERTIES</b>							
9	Tangshan Arcadia Court Phase II and Hotel Development	Tangshan	R/H/C	Structure topped out, internal and external work in progress	In phases between 2014 & 2015	40	811,196
10	Changsha Xiangjiang Arcadia Court	Changsha	R/C	Ph 1 – Completion verification in progress. Ph 2 – Piling work completed. Basement construction work in progress	In phases between 2014 & 2017	100	3,204,163
11	Kerry Everbright City Phase III	Shanghai	O/C	Superstructure work in progress	2015	74.25	833,218
12	Nanjing Residential Development	Nanjing	R	Piling and excavation work in progress	2015	100	987,253
13	Qinhuangdao Habitat	Qinhuangdao	R/C	Ph 1 – Superstructure, interior fitting & mechanical & engineering work in progress	In phases between 2015 & 2018	60	2,836,677
14	Putian Arcadia Court and Hotel Development	Putian	R/H/C	Ph 1 – Superstructure work in progress	Phase 1 – 2016	60	2,396,951
15	Hangzhou Zhijiang Residential Project	Hangzhou	R/C	Schematic design, piling work and structural work in progress	In phases between 2016 & 2017	100	2,524,976
16	The Berylville, Ningbo	Ningbo	R	Ph 1 – Superstructure work in progress	In phases to 2017	50	515,752
17	The Metropolis – Arcadia Court Phase II	Chengdu	R/C	Excavation and piling work completed	In phases to 2018	55	1,200,178
18	The Metropolis – Arcadia Court Phase III	Chengdu	R/C	Excavation work in progress	In phases to 2019	55	1,455,653
19	Yingkou Hyades Residence and Hotel Development	Yingkou	R/H/C	Residential Ph 1 – Superstructure work in progress Hotel: Superstructure work in progress	In phases between 2015 & 2023	65	2,800,494
						<b>SUBTOTAL</b>	<b>19,566,511</b>
						<b>GRAND TOTAL</b>	<b>35,096,883</b>



Existing Projects For Sale



Hangzhou Parkview Residence Ph 2



Chengdu Metropolis-Arcadia Court



Tangshan Arcadia Court



Tianjin Arcadia Court



Qinhuangdao Habitat



Shenyang Arcadia Court



Changsha Arcadia Court Ph 1



Ningbo Berylville

2014 New Launches



Putian Arcadia Court Ph 1



Nanchang Arcadia Court Ph 1

2014 To Be Launched



Shanghai KEC Ph 3 office



Hangzhou Zhijiang Ph 1 residential





## 2H 2014 Key Objectives



## HONG KONG PROPERTY

### *Residential Property Sales*

- ✓ Launch One Ede Road and Three Ede Road in Kowloon Tong, 8 LaSalle in Ho Man Tin and Dragons Range in Kau To
- ✓ Continue to sell remaining units of The Summa, Lions Rise and The Altitude

### *Construction*

- ✓ Continue construction of Kau To (Dragons Range), So Kwun Wat, 5-6 Hing Hon Road and Sheung Lok Street projects

## PRC PROPERTY

### *Investment Properties Commencement of Operation*

- ✓ Tianjin Kerry Centre hotel and Nanjing hotel

### *Expedite construction and delivery of projects under development to ensure timely commissioning, and securing new sources of recurrent cash flow and stable earnings for the Group*

- ✓ Continue construction of Tianjin Kerry Centre Ph 1, Shenyang Kerry Centre Ph 1, Kerry Central Hangzhou and Nanchang Complex Development Ph 1

### *Adopt a proactive and flexible sales strategy for forthcoming property launches*

- ✓ Launch Hangzhou Zhijiang residential and Shanghai Kerry Everbright City Ph 3 office
- ✓ Continue to sell Hangzhou Parkview Residence Ph 2, Chengdu Metropolis-Arcadia Court Ph 1, Tangshan Arcadia Court, Tianjin Arcadia Court, Changsha Arcadia Court Ph 1, Shenyang Arcadia Court Ph 1, Ningbo Berylville Ph 1 residential, Putian Arcadia Court Ph 1 and Nanchang Arcadia Court Ph 1