

Y2014 Final Results



KERRY PROPERTIES LIMITED

嘉里建設有限公司

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HIGHLIGHTS



HONG KONG PROPERTY	
Total Contract Sales	✓ HKD 11.1 bn
Total Saleable Area Sold	✓ Approx. 569,000 sf
Key Properties Sold	✓ The Summa*, Dragons Range*, 3 Ede Road*, 8 LaSalle*, The Altitude, Lions Rise
Land Acquisition (2/2015)	✓ Lung Cheung Road, Beacon Hill
Ongoing Construction Activities	✓ Dragons Range, So Kwun Wat, Ho Man Tin projects
PRC PROPERTY	
Total Contract Sales	✓ Approx. HKD 3.6 bn
Total GFA Sold	✓ Approx. 227,000 sm
Key Properties Sold	<ul style="list-style-type: none"> ✓ Putian Arcadia Court*, Nanchang Arcadia Court Ph 1* ✓ Hangzhou Parkview Residences Ph 2, Chengdu Metropolis-Arcadia Court Ph 1, Shenyang Arcadia Court Ph 1, Shenyang Enterprise Square office
Land Acquisition (1/2015)	✓ Qianhai, Shenzhen
Ongoing Construction Activities	✓ Shanghai Kerry Everbright City Ph 3 Enterprise Centre, Tianjin Kerry Centre Ph 1, Kerry Central Hangzhou, Nanchang Complex Development Ph 1, Shenyang Kerry Centre Ph1, Jinan Complex Development

* Launched during 2014

FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>FY2014</u>	<u>FY2013</u>	<u>% Change</u>
Turnover *	14,664	13,970	+5%
Gross profit *	6,208	6,057	+2%
<i>Gross profit margin (%) *</i>	42%	43%	-1%
Profit attributable to shareholders			
- Before taking into account the net increase in fair value of investment properties and the gain arising from the spin-off of Kerry Logistics Shares	4,384	4,413	-0.7%
- Increase in fair value of investment properties (net of related tax effects)	2,390	4,416	-46%
- Gain arising from the spin-off of Kerry Logistics Shares	-	4,325	n/a
- After taking into account the net increase in fair value of investment properties and the gain arising from the spin-off of Kerry Logistics Shares	6,774	13,154	-49%
Earnings per share (HK\$)			
- Before taking into account the net increase in fair value of investment properties and the gain arising from the spin-off of Kerry Logistics Shares	3.04	3.06	-1%
- After taking into account the net increase in fair value of investment properties and the gain arising from the spin-off of Kerry Logistics Shares	4.69	9.13	-49%
Final dividend per share (HK\$)	0.60	0.55	+9%
Dividend per share (HK\$)			
- Interim	0.30	0.35	-14%
- Final	0.60	0.55	+9%
- Total	0.90	0.90	-0%
Payout ratio (%)	29.6%	29.4%	+0.2%

* From continuing operations only

TURNOVER ANALYSIS



(HKD mm)	<u>FY 2014</u>	% <u>Weighting</u>	<u>FY 2013</u>	% <u>Weighting</u>	<u>% Change</u>
Revenue from Property Rental					
- PRC	2,294	16%	1,211	8%	+89%
- Hong Kong	875	6%	936	7%	-7%
	3,169	22%	2,147	15%	+48%
Revenue from Property Sales *					
- PRC	3,142	21%	4,071	29%	-23%
- Hong Kong	7,132	49%	7,194	52%	-1%
	10,274	70%	11,265	81%	-9%
Hotel Revenue - PRC	1,221	8%	558	4%	+119%
Total Turnover	14,664	100%	13,970	100%	+5%
Recurrent Revenue	4,390	30%	2,705	19%	+62%
Non-Recurrent Revenue	10,274	70%	11,265	81%	-9%
Total	14,664	100%	13,970	100%	+5%

* Exclude sales of investment properties

GROSS PROFIT ANALYSIS



(HKD mm)	<u>FY 2014</u>	<u>% Weighting</u>	<u>FY 2013</u>	<u>% Weighting</u>	<u>% Change</u>
<u>Recurrent Gross Profit</u>					
Property Rental	2,484	40%	1,586	26%	+57%
Hotel Operations	<u>65</u>	<u>1%</u>	<u>(12)</u>	<u>0%</u>	+642%
Total Recurrent Gross Profit	2,549	41%	1,574	26%	+62%
<u>Non-recurrent Gross Profit</u>					
Property Sales	3,659	59%	4,483	74%	-18%
Total	<u>6,208</u>	<u>100%</u>	<u>6,057</u>	<u>100%</u>	+2%

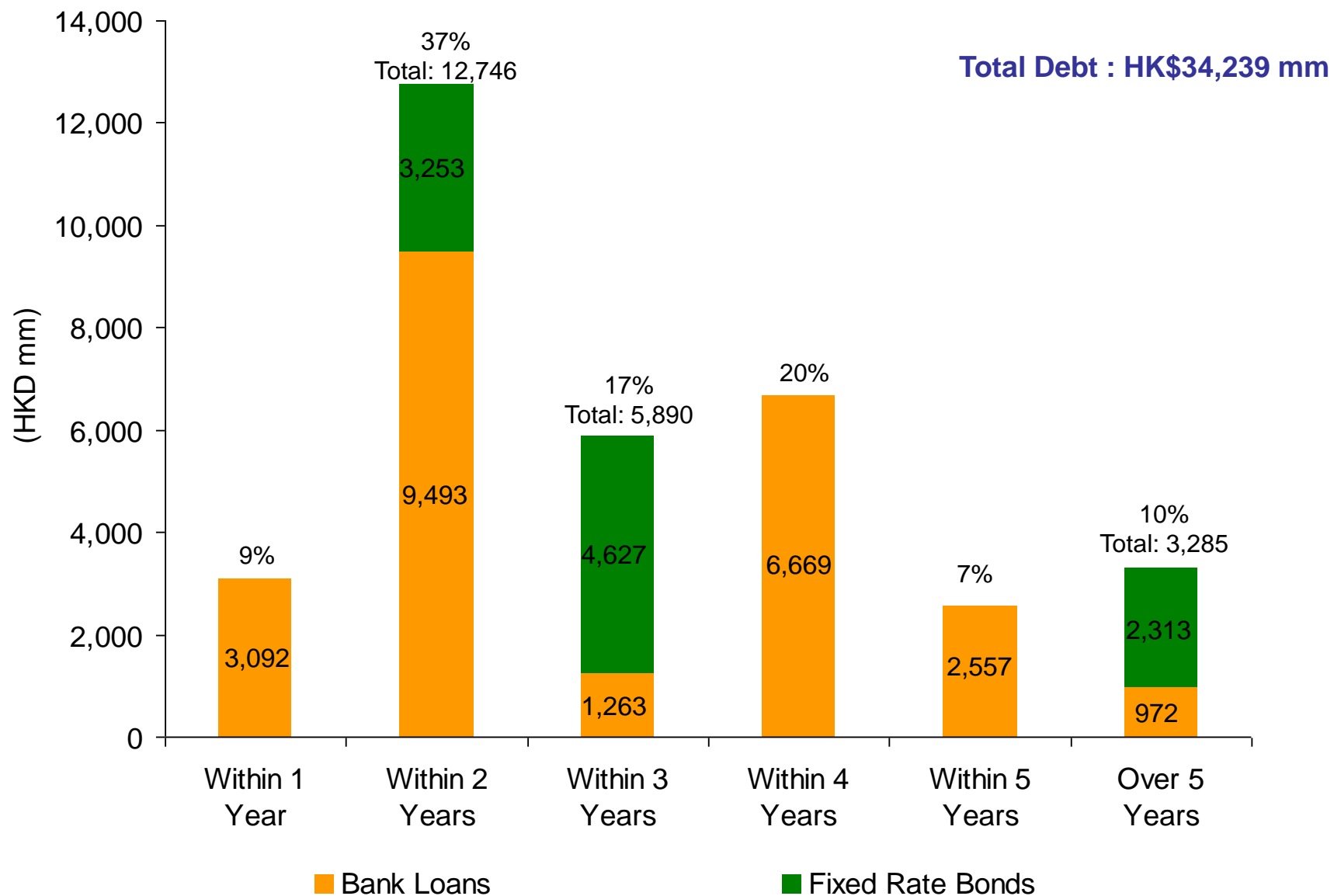
FINANCIAL POSITION



(HKD mm)	As of <u>Dec 31, 2014</u>	As of <u>Dec 31, 2013</u>	<u>% Change</u>
Total Debt	34,239	34,976	-2%
Less: Cash and Bank Balances	<u>(11,392)</u>	<u>(11,494)</u>	-1%
Net Debt	<u><u>22,847</u></u>	<u><u>23,482</u></u>	-3%
 Undrawn bank loan facilities	 13,840	 11,181	 +24%
 NAV	 80,079	 75,755	 +6%
Gearing Ratio	28.5%	31.0%	-2.5%
 No. of issued shares at period end (mm)	 1,445	 1,444	 +0.0%
NAV / Share	HK\$55.43	HK\$52.45	+5.7%
	<u>FY 2014</u>	<u>FY 2013</u>	
Interest cover * (x) <i>(excl. discontinued operations - KLN)</i>	8.2	5.8	
Dividend cover * (x)	3.4	3.4	
Return on shareholders' equity (%)	5.5%	5.8%	

* Before fair value increase of investment properties

DEBT MATURITY PROFILE AS OF DEC 31, 2014





PRC PROPERTY DIVISION



PRC PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
<u>Turnover</u>			
Property rental	2,294	1,211	+89%
Property sales revenue excluding investment properties	3,142	4,071	-23%
Hotel	1,221	558	+119%
Total turnover	6,657	5,840	+14%
Sales proceeds from investment properties	34	92	-63%
Total property revenue	6,691	5,932	+13%
<u>Gross profit</u>			
Property rental	1,821	841	+117%
Property sales	759	1,647	-54%
Hotel	65	(12)	+642%
Total	2,645	2,476	+7%
<u>Gross profit margin</u>			
<i>Property rental</i>	79%	69%	
<i>Property sales</i>	24%	40%	
<i>Hotel</i>	5%	-2%	
<i>Overall</i>	40%	42%	



➔ **Investment Property Portfolio in Mainland China as at 31 Dec 2014:-**

	<u>Beijing</u> (‘000 sq ft)	<u>Shanghai</u> (‘000 sq ft)	<u>Shenzhen</u> (‘000 sq ft)	<u>Fuzhou</u> (‘000 sq ft)	<u>Total GFA</u> (‘000 sq ft)
Apartment	277	774	-	-	1,051
Office	711	1,530	1,552	-	3,793
Commercial	98	1,100	212	64	1,474
Total GFA	1,086	3,404	1,764	64	6,318
% weighting	17%	54%	28%	1%	100%

➔ **Occupancy rates of major investment properties as at 31 Dec 2014:-**

	<u>As at</u> <u>31 Dec 2014</u>	<u>As at</u> <u>31 Dec 2013</u>
Beijing Kerry Centre ^{(1) (2)}	95%	95%
Jing An Kerry Centre Phase I	90%	73% ⁽³⁾
Jing An Kerry Centre Phase II ⁽¹⁾	90%	53%
Kerry Parkside Shanghai Pudong ⁽¹⁾	96%	97%
Shenzhen Kerry Plaza Phase I	98%	97%
Shenzhen Kerry Plaza Phase II	98%	83%

1) Excluding hotel

2) Occupancy rates as at year end 2013 excluded serviced apartments which were under renovation during 2013. The renovation was completed and leasing commenced in April 2014

3) Excluding retail podium where renovation was completed in the fourth quarter of 2013

➔ **Average occupancy rates of major hotel properties:-**

	<u>FY2014</u>	<u>FY2013</u>
Kerry Hotel, Beijing	74%	56%
Jing An Shangri-La Hotel, Shanghai	65%	37%
Shangri-La Hotel, Shenyang	44%	24%
Kerry Hotel, Pudong Shanghai	66%	58%



➔ Detailed occupancy rates of major investment properties as at 31 Dec 2014:-

	<u>As at 31 Dec 2014</u>	<u>As at 31 Dec 2013</u>
Beijing Kerry Centre		
- Serviced Apartment	86%	n/a
- Office	99%	97%
- Retail	96%	79%
- Average	95%	95% (N1)
Jing An Kerry Centre Ph I		
- Serviced Apartment	79%	44%
- Office	94%	86%
- Retail	97%	n/a
- Average	90%	73% (N2)
Jing An Kerry Centre Ph II		
- Office	88%	43%
- Retail	94%	83%
- Average	90%	53%
Kerry Parkside Shanghai Pudong		
- Serviced Apartment	79%	89%
- Office	100%	100%
- Retail	100%	100%
- Average	96%	97%
Shenzhen Kerry Plaza Phase I office	98%	97%
Shenzhen Kerry Plaza Phase II		
- Office	98%	81%
- Retail	100%	97%
- Average	98%	83%

1) Occupancy rates as at year end 2013 excluded serviced apartments which were under renovation during 2013. The renovation was completed and leasing commenced in April 2014

2) Excluding retail podium where renovation was completed in the fourth quarter of 2013

PRC PROPERTY DIVISION – PROPERTIES UNDER DEVELOPMENT



Currently, KPL has approximately 35 mm s.f. of properties under development in China

Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)	
MIXED USED DEVELOPMENT							
1	Tianjin Kerry Centre	Tianjin	R/C/O/A	Ph 1 – Completion verification in progress	Ph 1 – 2015	49	1,626,531
2	Nanchang Arcadia Court and Hotel Development	Nanchang	R/H/O/C	Ph 1 – Hotel: Interior decoration and mechanical and engineering work in progress Ph 1 – Residential: Structure work and external work in progress	Ph 1 – 2015	80	2,052,110
3	Kerry Central, Hangzhou	Hangzhou	A/C/H/O	Basement construction and superstructure work in progress	2016	75	1,614,156
4	Shenyang Kerry Centre	Shenyang	R/O/C	Ph 1 – Residential: Interior decoration and mechanical and engineering work in progress Ph 2 – Superstructure work in progress	Ph 1 – 2016 Ph 2 – 2018	60	6,273,778
5	Zhengzhou Complex Development	Zhengzhou	R/H/O/C	Schematic design in progress	2018	55	1,293,019
						SUBTOTAL	12,859,594
OTHER INVESTMENT PROPERTIES							
6	Jinan Complex Development	Jinan	O/C/H	Superstructure work in progress	2016	55	664,768
7	Kunming Complex Development	Kunming	H/A	Schematic design in progress	2018	55	442,843
						SUBTOTAL	1,107,611
						TOTAL FOR MIXED USE DEVELOPMENT AND OTHER INVESTMENT PROPERTIES	13,967,205

Denotation: R=Residential. O=Office. C=Commercial. A=Apartment. H=Hotel

Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)	
FOR SALE PROPERTIES							
8	Tangshan Arcadia Court Phase III and Hotel Development	Tangshan	R/H/C	Residential: Interior decoration in progress Hotel: Interior decoration and landscape works in progress	2015	40	699,006
9	Enterprise Centre	Shanghai	O/C	Mechanical and engineering work and external work in progress	2015	74.25	833,218
10	Qinhuangdao Habitat	Qinhuangdao	R/C	Ph 1 – Interior decoration & external work, mechanical & engineering work in progress	Phase 1 – In phases between 2015 & 2016	60	2,836,677
11	Yingkou Hyades Residence and Hotel Development	Yingkou	R/H/C	Ph 1 – External work, interior decoration & mechanical & engineering work in progress	Phase 1 – In phases between 2015 & 2016	65	2,796,905
12	The Berylville, Ningbo	Ningbo	R	Ph 1 – Mechanical and engineering work and external work in progress	In phases between 2015 & 2018	50	513,550
13	Putian Arcadia Court and Hotel Development	Putian	R/H/C	Ph 1 – Residential: Superstructure work completed	Phase 1 – In phases from 2016	60	2,396,951
14	Hangzhou Zhijiang Castalia Court	Hangzhou	R/C	Schematic design, piling work and structural work in progress	In phases from 2016	100	2,485,795
15	Changsha Xiangjiang Arcadia Court Phase II and III	Changsha	R/C	Ph 2 – Superstructure work in progress Ph 3 – Schematic design in progress	In phases between 2016 & 2017	100	2,311,806
16	Nanjing Residential Development	Nanjing	R	Superstructure work in progress	2017	100	991,860
17	The Metropolis – Arcadia Court Phase II	Chengdu	R/C	Superstructure work in progress	2017	55	1,184,697
18	The Metropolis – Arcadia Court Phase III	Chengdu	R/C	Schematic design and excavation work in progress	In phases to 2021	55	1,455,653
						SUBTOTAL	18,506,118
							32,473,323
NEW ACQUISITION IN 2015							
19	Qianhai Project	Shenzhen	A/O/C	Project planning	In phases to 2020	100	2,093,759
						GRAND TOTAL	34,567,082



HONG KONG PROPERTY DIVISION



HONG KONG PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
<u>Turnover</u>			
Property sales revenue excluding investment properties	7,132	7,194	-1%
Property rental	875	936	-7%
Total turnover	<u>8,007</u>	<u>8,130</u>	-2%
Sales proceeds from investment properties	1,380	-	n/a
Total property revenue	<u><u>9,387</u></u>	<u><u>8,130</u></u>	+15%
<u>Gross profit</u>			
Property sales	2,900	2,836	+2%
Property rental	663	745	-11%
Total	<u><u>3,563</u></u>	<u><u>3,581</u></u>	-1%
<u>Gross profit margin</u>			
<i>Property sales</i>	41%	39%	
<i>Property rental</i>	76%	80%	
<i>Overall</i>	44%	44%	

HONG KONG PROPERTY DIVISION – INVESTMENT PROPERTY PORTFOLIO



➔ Investment Property Portfolio as at 31 Dec 2014:-

	<u>Total GFA</u> (‘000 sq ft)
Apartment	722
Commercial	1,223 #
Office	<u>838</u>
Total GFA	<u><u>2,783</u></u>

➔ Occupancy rates of investment property portfolio as at 31 Dec 2014:-

	Occupancy rate as at	
	<u>31 Dec 2014</u>	<u>31 Dec 2013</u>
Apartment	97% *	93% *
Commercial	99%	97%
Office	95%	98%

Lions Rise Mall in Kowloon East was sold during the year 2014.

* *Excluding Branksome Grande where refurbishment works commenced in Q2 of 2014*

HONG KONG PROPERTY DIVISION – PROPERTIES UNDER DEVELOPMENT



Currently, KPL has approximately 3.1 mm s.f. of properties under development in HK and Macau

Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	Buildable GFA* (s.f.)
FOR SALE PROPERTIES						
1	Dragons Range	R	Superstructure work in progress	2Q~3Q15	40	412,584
2	Sha Tin Heights Road Project	R	Alterations and additional plan submitted	4Q15	71	8,371
3	Hing Hon Road Project	R	Foundation work in progress	4Q16	71	27,357
4	So Kwun Wat Project	R	Superstructure work in progress	4Q16	100	939,600
5	Ho Man Tin Project	R	Site formation and foundation work in progress	1Q17	100	1,142,168
6	Shan Kwong Building Redev't Project	R	Foundation work completed	2Q17	100	81,322
7	Nam Van Project	R	Schematic design in progress	2Q19	100	397,190
AS AT 31 DEC 2014						3,008,592
NEW ACQUISITION IN 2015						
8	Lung Cheung Road, Beacon Hill	R	Project planning	2018	100	116,380
GRAND TOTAL						3,124,972

R=Residential

* KPL share



2015 OBJECTIVES



2015 KEY OBJECTIVES



HONG KONG PROPERTY

Residential Property Sales

- ✓ Launch So Kwun Wat in Tuen Mun
- ✓ Continue to sell remaining units of 3 Ede Road, 8 LaSalle, Dragons Range and Lions Rise

Construction

- ✓ Continue construction of Dragons Range, So Kwun Wat and Sheung Lok Street projects

PRC PROPERTY

Investment Properties Commencement of Operation

- ✓ Nanchang hotel, Tangshan hotel and Tianjin Kerry Centre Ph 1 retail

Expedite construction and delivery of projects under development, and generating significant cash flow and recurrent income for the Group

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

Adopt a clear and appropriate pricing strategy for forthcoming property launches

- ✓ Launch residential developments in Zhijiang, Hangzhou and Bai Xia District in Nanjing, as well as the office units of Kerry Everbright City Ph 3 in Shanghai
- ✓ Continue to sell Hangzhou Parkview Residence Ph 2, Chengdu Metropolis-Arcadia Court Ph 1, Tangshan Arcadia Court, Tianjin Arcadia Court, Changsha Xiangjiang Arcadia Court, Shenyang Arcadia Court Ph 1, Ningbo Berylville Ph 1 residential, Putian Arcadia Court Ph 1 and Nanchang Arcadia Court Ph 1



THANK YOU



APPENDIX



UNDERLYING PROFIT



(HKD mm)	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
Profit attributable to the shareholders	6,774	13,154	-49%
<u>Fair value change of investment properties, net of tax</u>			
<u>Continuing operations:</u>			
Increase in fair value of investment properties	2,511	7,028	-64%
Effect of corresponding deferred tax charges	(343)	(1,550)	-78%
Share of increase in fair value of investment properties (net of deferred tax) of associates	434	221	+96%
Effect of share of non-controlling interests	(212)	(1,871)	-89%
Subtotal	2,390	3,828	-38%
<u>Discontinued operations:</u>			
Logistics operations - KLN	-	588	-100%
Total	<u>2,390</u>	<u>4,416</u>	-46%
Gain arising from spin-off of Kerry Logistics Shares	-	4,325	-100%
Underlying profit attributable to the shareholders	<u>4,384</u>	<u>4,413</u>	-1%
Underlying earnings per share (HK\$)	<u>3.04</u>	<u>3.06</u>	-1%