

# Y2015 Interim Results



**KERRY PROPERTIES LIMITED**

嘉里建設有限公司

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# HIGHLIGHTS



<b>HONG KONG PROPERTY</b>	
Total Contract Sales	✓ HKD 2.4 bn
Total Saleable Area Sold	✓ Approx. 92,000 sf
Key Properties Sold	✓ Dragons Range, 1 & 3 Ede Road, 8 LaSalle, The Altitude, Lions Rise
Land Acquisition (2/2015)	✓ Lung Cheung Road, Beacon Hill
Ongoing Construction Activities	✓ The Bloomsway in So Kwun Wat, Tuen Mun, Ho Man Tin and Shan Kwong Redevelopment projects
<b>PRC PROPERTY</b>	
Total Contract Sales	✓ Approx. HKD 2.6 bn
Total GFA Sold	✓ Approx. 139,000 sm
Key Properties Sold	✓ Hangzhou Castalia Court *, Chengdu Metropolis-Arcadia Court Ph 2 * ✓ Putian Arcadia Court, Nanchang Arcadia Court Ph 1, Shenyang Arcadia Court Ph 1
New Investment Property	✓ Riverview Place, a mall at Tianjin Kerry Centre Ph 1 (4/2015) ✓ Shangri-La Hotel in Nanchang (2/2015)
Land Acquisition (1/2015)	✓ Qianhai, Shenzhen
Ongoing Construction Activities	✓ Shanghai Kerry Everbright City Ph 3 Enterprise Centre, Kerry Central Hangzhou, Nanchang Complex Development Ph 1, Shenyang Kerry Centre, Jinan Complex Development

\* Launched during 1H 2015

# FINANCIAL RESULTS OVERVIEW



(HKD mm)	Six months ended <u>30 Jun 2015</u>	Six months ended <u>30 Jun 2014</u>	<u>% Change</u>
<b>Turnover</b>	4,204	6,174	-32%
<b>Gross profit</b>	2,158	3,234	-33%
<i>Gross profit margin (%)</i>	51%	52%	-1%
<b>Share of results of associates</b>	1,197	566	+111%
<b>Profit attributable to shareholders</b>			
- Before taking into account the net increase in fair value of investment properties	2,182	1,804	+21%
- Increase in fair value of investment properties (net of related tax effects)	607	586	+4%
- After taking into account the net increase in fair value of investment properties	2,789	2,390	+17%
<b>Earnings per share (HK\$)</b>			
- Before taking into account the net increase in fair value of investment properties	1.51	1.25	+21%
- After taking into account the net increase in fair value of investment properties	1.93	1.65	+17%
<b>Interim dividend per share (HK\$)</b>	0.30	0.30	+0%
<b><i>Payout ratio (%)</i></b>	19.9%	24.0%	-4.1%

# TURNOVER ANALYSIS



(HKD mm)	Six months ended <u>30 Jun 2015</u>	% <u>Weighting</u>	Six months ended <u>30 Jun 2014</u>	% <u>Weighting</u>	<u>% Change</u>
Revenue from Property Rental					
- PRC	1,319	31%	1,037	17%	+27%
- Hong Kong	437	11%	437	7%	+0%
	<u>1,756</u>	<u>42%</u>	<u>1,474</u>	<u>24%</u>	<u>+19%</u>
Revenue from Property Sales *					
- PRC	435	10%	703	11%	-38%
- Hong Kong	1,304	31%	3,437	56%	-62%
	<u>1,739</u>	<u>41%</u>	<u>4,140</u>	<u>67%</u>	<u>-58%</u>
Hotel Revenue - PRC	709	17%	560	9%	+27%
<b>Total Turnover</b>	<b><u>4,204</u></b>	<b><u>100%</u></b>	<b><u>6,174</u></b>	<b><u>100%</u></b>	<b><u>-32%</u></b>
Recurrent Revenue	2,465	59%	2,034	33%	+21%
Non-Recurrent Revenue	1,739	41%	4,140	67%	-58%
Total	<u>4,204</u>	<u>100%</u>	<u>6,174</u>	<u>100%</u>	<u>-32%</u>

\* Exclude sales of investment properties

# GROSS PROFIT ANALYSIS



(HKD mm)	<b>Six months ended <u>30 Jun 2015</u></b>	<b>% <u>Weighting</u></b>	<b>Six months ended <u>30 Jun 2014</u></b>	<b>% <u>Weighting</u></b>	<b><u>% Change</u></b>
<u>Recurrent Gross Profit</u>					
Property Rental	1,466	68%	1,152	36%	+27%
Hotel Operations	<u>77</u>	<u>4%</u>	<u>48</u>	<u>1%</u>	+60%
Total Recurrent Gross Profit	1,543	72%	1,200	37%	+29%
<u>Non-recurrent Gross Profit</u>					
Property Sales	615	28%	2,034	63%	-70%
<b>Total</b>	<b><u><u>2,158</u></u></b>	<b><u><u>100%</u></u></b>	<b><u><u>3,234</u></u></b>	<b><u><u>100%</u></u></b>	<b>-33%</b>

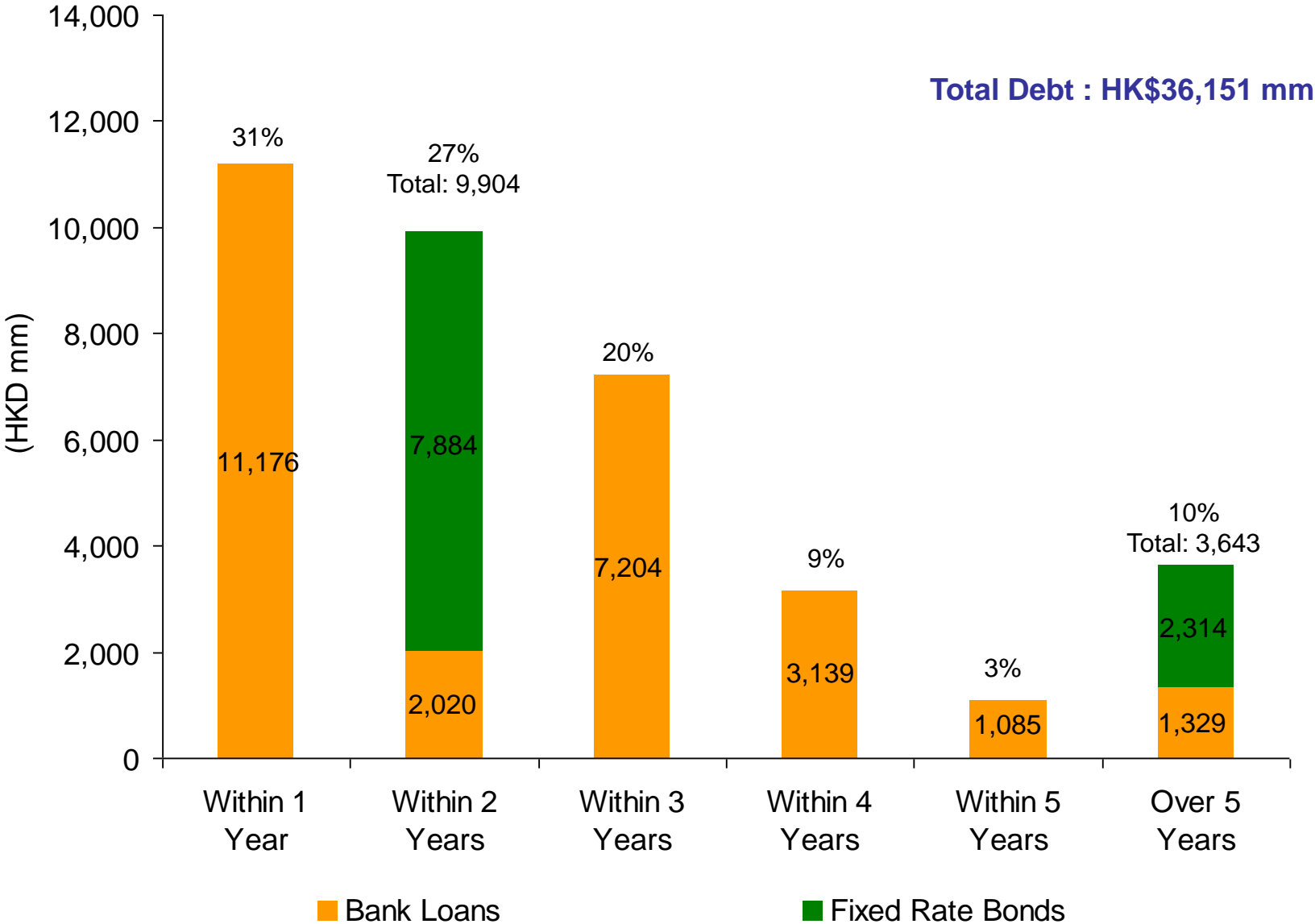
# FINANCIAL POSITION



<b>(HKD mm)</b>	<b>As of <u>Jun 30, 2015</u></b>	<b>As of <u>Dec 31, 2014</u></b>	<b><u>% Change</u></b>
Total Debt	36,151	34,239	+6%
Less: Cash and bank balances	<u>(11,231)</u>	<u>(11,392)</u>	-1%
Net Debt	<u>24,920</u>	<u>22,847</u>	+9%
Undrawn bank loan facilities	16,023	13,840	+16%
NAV	82,015	80,079	+2%
Net debt to total equity	26.1%	24.5%	+1.6%
Net debt to NAV	30.4%	28.5%	+1.9%
No. of issued shares at period end (mm)	1,446	1,445	+0.1%
NAV / Share	HK\$56.73	HK\$55.43	+2%
	<b><u>1H FY2015</u></b>	<b><u>1H FY2014</u></b>	
Interest cover * (x)	6.6	6.9	
Dividend cover * (x)	5.0	4.2	

\* Before fair value increase of investment properties

# DEBT MATURITY PROFILE AS OF JUN 30, 2015







## PRC PROPERTY DIVISION



# PRC PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2015</u></b>	<b>Six months ended <u>30 Jun 2014</u></b>	<b><u>% Change</u></b>
<u>Turnover</u>			
Property rental	1,319	1,037	+27%
Property sales revenue excluding investment properties	435	703	-38%
Hotel	709	560	+27%
Total turnover	<u>2,463</u>	<u>2,300</u>	+7%
Sales proceeds from investment properties	50	17	+194%
Total property revenue	<u><u>2,513</u></u>	<u><u>2,317</u></u>	+8%
<u>Gross profit</u>			
Property rental	1,130	815	+39%
Property sales	63	252	-75%
Hotel	77	48	+60%
Total	<u><u>1,270</u></u>	<u><u>1,115</u></u>	+14%
<u>Gross profit margin</u>			
<i>Property rental</i>	86%	79%	
<i>Property sales</i>	14%	36%	
<i>Hotel</i>	11%	9%	
<i>Overall</i>	52%	48%	



➔ Investment Property Portfolio in Mainland China as at 30 Jun 2015:-

	<u>Beijing</u>	<u>Shanghai</u>	<u>Shenzhen</u>	<u>Tianjin</u>	<u>Fuzhou</u>	<u>Total GFA</u>
	('000 sq ft)	('000 sq ft)	('000 sq ft)	('000 sq ft)	('000 sq ft)	('000 sq ft)
Apartment	277	774	-	-	-	1,051
Office	711	1,520	1,552	-	-	3,783
Commercial	98	1,098	212	432	64	1,904
Total GFA	1,086	3,392	1,764	432	64	6,738
% weighting	16%	50%	26%	7%	1%	100%

➔ Occupancy rates of major investment properties as at 30 Jun 2015:-

	<u>As at</u> <u>30 Jun 2015</u>	<u>As at</u> <u>31 Dec 2014</u>
Beijing Kerry Centre <sup>(1)</sup>	97%	95%
Jing An Kerry Centre Phase I	93%	90%
Jing An Kerry Centre Phase II <sup>(1)</sup>	95%	90%
Kerry Parkside Shanghai Pudong <sup>(1)</sup>	98%	96%
Shenzhen Kerry Plaza Phase I	98%	98%
Shenzhen Kerry Plaza Phase II	97%	98%

1) Excluding hotel

➔ Average occupancy rates of major hotel properties:-

	<u>1H 2015</u>	<u>1H 2014</u>
Kerry Hotel, Beijing	75%	71%
Jing An Shangri-La Hotel, Shanghai	70%	59%
Shangri-La Hotel, Shenyang	62%	35%
Kerry Hotel, Pudong Shanghai	71%	63%



➔ Detailed occupancy rates of major investment properties as at 30 Jun 2015:-

	<u>As at 30 Jun 2015</u>	<u>As at 31 Dec 2014</u>
<b>Beijing Kerry Centre</b>		
- Serviced Apartment	92%	86%
- Office	98%	99%
- Retail	100%	96%
- <b>Average</b>	<b>97%</b>	<b>95%</b>
<b>Jing An Kerry Centre Ph I</b>		
- Serviced Apartment	84%	79%
- Office	96%	94%
- Retail	98%	97%
- <b>Average</b>	<b>93%</b>	<b>90%</b>
<b>Jing An Kerry Centre Ph II</b>		
- Office	95%	88%
- Retail	96%	94%
- <b>Average</b>	<b>95%</b>	<b>90%</b>
<b>Kerry Parkside Shanghai Pudong</b>		
- Serviced Apartment	89%	79%
- Office	100%	100%
- Retail	100%	100%
- <b>Average</b>	<b>98%</b>	<b>96%</b>
<b>Shenzhen Kerry Plaza Phase I office</b>	<b>98%</b>	<b>98%</b>
<b>Shenzhen Kerry Plaza Phase II</b>		
- Office	97%	98%
- Retail	100%	100%
- <b>Average</b>	<b>97%</b>	<b>98%</b>

# PRC PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT



Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)	
<b>MIXED USED DEVELOPMENT</b>							
1	Nanchang Complex Development	Nanchang	R/O/C	Ph I – Residential: Structure work completed and external work in progress	Ph I – In phases from 2015	80	1,393,568
2	Kerry Central, Hangzhou	Hangzhou	A/C/H/O	Structure work, external work, interior decoration and mechanical and engineering work in progress	In phases from 2016	75	1,614,156
3	Shenyang Kerry Centre	Shenyang	R/O/C	Ph I – Residential: Interior decoration and mechanical and engineering work in progress Ph II – Superstructure work in progress	Ph I – 2016 Ph II – 2018	60	6,236,867
4	Zhengzhou Complex Development	Zhengzhou	R/H/O/C	Schematic design in progress	In phases from 2019	55	1,293,019
						<b>SUBTOTAL</b>	<b>10,537,610</b>
<b>OTHER INVESTMENT PROPERTIES</b>							
5	Jinan Complex Development	Jinan	O/C/H	Superstructure work in progress	In phases from 2017	55	565,468
6	Kunming Complex Development	Kunming	H/R	Schematic design in progress	2018	55	442,843
7	Shenzhen Qianhai *	Shenzhen	A/O/C	Schematic design in progress	2019	100	2,173,844
						<b>SUBTOTAL</b>	<b>3,182,155</b>
						<b>MIXED USE DEVELOPMENT AND OTHER INVESTMENT PROPERTIES</b>	<b>13,719,765</b>

\* Acquired in 1H 2015

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.)
<b>PRIMARILY FOR SALE PROPERTIES</b>							
8	Enterprise Centre	Shanghai	O/C	Mechanical & engineering work & external work in progress	2H 2015	74.25	833,218
9	Shangri-La, Tangshan and Parkside Place	Tangshan	H/C	Completion verification in progress	2H 2015	40	322,399
10	Qinhuangdao Habitat	Qinhuangdao	R/C	Ph I – Interior decoration & external work, mechanical & engineering work in progress	Phase I – In phases from 2H 2015	60	2,836,677
11	Yingkou Hyades Residence and Hotel Development	Yingkou	R/H/C	Ph I – External work, interior decoration & mechanical & engineering work in progress	Phase I – In phases from 2H 2015	65	2,796,905
12	The Berylville, Ningbo	Ningbo	R	Ph I – Interior decoration in progress Ph II – Schematic design in progress	In phases from 4Q 2015	50	513,550
13	Putian Arcadia Court and Hotel Development	Putian	R/H/C	Ph I – Residential: External work, mechanical & engineering work in progress	Phase I – In phases from 2016	60	2,397,241
14	Hangzhou Zhijiang Castalia Court	Hangzhou	R/C	Ph I - Superstructural work in progress Ph II – Excavation work in progress	In phases from 2017	100	2,485,246
15	Changsha Xiangjiang Arcadia Court Phase II and III	Changsha	R/C	Ph II – Superstructure work, internal & external work in progress Ph III – Schematic design in progress	In phases between 2016 & 2019	100	2,313,076
16	Nanjing Residential Development	Nanjing	R	Superstructure work in progress	2017	100	991,860
17	The Metropolis – Arcadia Court Phase II & III	Chengdu	R/C	Ph II - Superstructure work in progress Ph III - Schematic design & excavation work in progress	In phases from 2017	55	2,640,350
<b>SUBTOTAL</b>							<b>18,130,522</b>
<b>AS AT 30 JUN 2015</b>							<b>31,850,287</b>



## HONG KONG PROPERTY DIVISION



# HONG KONG PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2015</u></b>	<b>Six months ended <u>30 Jun 2014</u></b>	<b><u>% Change</u></b>
<u>Turnover</u>			
Property sales revenue excluding investment properties	1,304	3,437	-62%
Property rental	437	437	+0%
Total property revenue	<u>1,741</u>	<u>3,874</u>	-55%
<u>Gross profit</u>			
Property sales	552	1,782	-69%
Property rental	336	337	-0%
Total	<u>888</u>	<u>2,119</u>	-58%
<u>Gross profit margin</u>			
<i>Property sales</i>	42%	52%	
<i>Property rental</i>	77%	77%	
<i>Overall</i>	51%	55%	



# HONG KONG PROPERTY DIVISION – INVESTMENT PROPERTY PORTFOLIO



## ➔ Investment Property Portfolio as at 30 Jun 2015:-

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

## ➔ Occupancy rates of investment property portfolio as at 30 Jun 2015:-

	<b>Occupancy rate as at</b>	
	<b><u>30 Jun 2015</u></b>	<b><u>31 Dec 2014</u></b>
<b>Apartment</b>	99%*	97%*
<b>Commercial</b>	100%	99%
<b>Office</b>	99%	95%

\* Excluding Branksome Grande where comprehensive renovation commenced in the second quarter of 2014.

# HONG KONG PROPERTY DIVISION – PROPERTIES UNDER DEVELOPMENT



**KPL has approximately 2.7 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.)
<b>FOR SALE PROPERTIES</b>							
1	5-6 Hing Hon Road Project	Sai Ying Pun	R	Foundation work in progress	(N1)	71	27,357
2	Sha Tin Heights Road Project	Sha Tin	R	Alterations and additional plan to be re-submitted	3Q 2016	71	8,371
3	The Bloomsway	Tuen Mun	R	Superstructure work in progress	4Q 2016	100	939,600
4	Shan Kwong Building Redev't Project	Wong Nai Chung	R	Foundation work completed	4Q 2016	100	81,217
5	Ho Man Tin Project	Ho Man Tin	R	Superstructure work in progress	1Q 2017	100	1,142,168
6	Lung Cheung Road, Beacon Hill *	Shek Kip Mei	R	Conceptual design in progress	2Q 2018	100	116,380
7	Nam Van Project	Macau	R	Schematic design in progress	2Q 2019	100	397,190
<b>AS AT 30 JUN 2015</b>							<b>2,712,283</b>

R=Residential

\* Acquired in 1H 2015

\*\* KPL share

N1) The Group is undergoing ownership unification with 7-8 Hing Hon Road. The project is intended to be completed in the fourth quarter of 2019.



## 2H 2015 OBJECTIVES



# 2H 2015 KEY OBJECTIVES



## HONG KONG PROPERTY

### *Residential Property Sales*

- ✓ Launch The Bloomsway in Tuen Mun
- ✓ Continue to sell remaining units of 3 Ede Road, 8 LaSalle and Dragons Range

### *Construction*

- ✓ Continue construction of The Bloomsway in Tuen Mun, Ho Man Tin and Shan Kwong Building Redevelopment projects

## PRC PROPERTY

### *Investment Properties Commencement of Operation*

- ✓ Tangshan hotel

### *Steadily increase the proportion of investment properties within the overall portfolio, to produce sustainable and considerable cash flow and recurrent income*

- ✓ Continue construction of Kerry Central Hangzhou, Shenyang Kerry Centre and Jinan Complex Development

### *Actively working on realigning sales strategies in response to the changing market trends to sustain stable growth amidst a challenging operating landscape*

- ✓ Launch residential projects in Nanjing's Bai Xia District, as well as the office units at Kerry Everbright City Ph 3 in Shanghai
- ✓ Continue to sell Chengdu Metropolis-Arcadia Court Ph 1 & 2, 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, Nanchang Arcadia Court Ph 1 and Hangzhou Zhijiang Castalia Court



**THANK YOU**



## APPENDIX



# UNDERLYING PROFIT



(HKD mm)	Six months ended <u>30 Jun 2015</u>	Six months ended <u>30 Jun 2014</u>	<u>% Change</u>
Profit attributable to the shareholders	2,789	2,390	+17%
Fair value change of investment properties, net of tax			
Increase in fair value of investment properties	796	826	-4%
Effect of corresponding deferred tax charges	(184)	(206)	-11%
Share of increase in fair value of investment properties (net of deferred tax) of associates	75	104	-28%
Effect of share of non-controlling interests	(80)	(138)	-42%
Subtotal	607	586	+4%
Underlying profit attributable to the shareholders	<u>2,182</u>	<u>1,804</u>	+21%
Underlying earnings per share (HK\$)	<u>1.51</u>	<u>1.25</u>	+21%