

Y2020 Interim Results



嘉里建設有限公司
KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

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HIGHLIGHTS



HONG KONG PROPERTY

Total Contracted Sales

✓ HKD 3.05 bn

Total Saleable Area Sold

✓ Approx. 162,000 sf

Key Properties Sold

✓ The Bloomsway, Mont Rouge and Mantin Heights

Ongoing Construction Activities

✓ LaSalle Road in Ho Man Tin, Beacon Hill Project and Wong Chuk Hang Station Package Two Property Development Project

MAINLAND PROPERTY

Total Contracted Sales

✓ Approx. HKD 1.61 bn

Total GFA Sold

✓ Approx. 41,000 sm

Key Properties Sold

✓ Shenyang Arcadia Height, Fuzhou River City in Fuzhou and Lake Grandeur in Hangzhou

Ongoing Construction Activities

✓ Shenzhen Qianhai Kerry Centre, Fuzhou Cangshan Complex, Shenyang Kerry Centre Ph III and Zhengzhou Complex Development

FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>Six months</u> <u>ended</u> <u>30 Jun 2020</u>	<u>Six months</u> <u>ended</u> <u>30 Jun 2019</u>	<u>% Change</u>
Revenue	3,918	11,225	-65%
Gross profit	2,395	5,203	-54%
<i>Gross profit margin (%)</i>	<i>61%</i>	<i>46%</i>	<i>+15%</i>
Share of results of associates and joint ventures	559	616	-9%
Profit attributable to shareholders			
- Underlying profit	1,106	3,143	-65%
- Increase in fair value of investment properties (net of related tax effects)	(32)	452	-107%
- Reported profit	1,074	3,595	-70%
Earnings per share (HK\$)			
- Underlying profit	0.76	2.16	-65%
- Reported profit	0.74	2.47	-70%
Interim dividend per share (HK\$)	0.40	0.40	+0%
<i>Payout ratio (%) (before fair value change of investment properties)</i>	52.6%	18.5%	+34.1%

REVENUE ANALYSIS



(HKD mm)	Six months ended		Six months ended		% Change
	30 Jun 2020	% Weighting	30 Jun 2019	% Weighting	
Revenue from Property Rental					
- Hong Kong	654	17%	594	5%	+10%
- Mainland	1,666	42%	1,834	16%	-9%
	2,320	59%	2,428	21%	-4%
Revenue from Property Sales					
- Hong Kong	883	22%	2,717	24%	-68%
- Mainland	376	10%	5,115	46%	-93%
	1,259	32%	7,832	70%	-84%
Hotel Revenue - Mainland	339	9%	965	9%	-65%
Total Revenue	3,918	100%	11,225	100%	-65%
Recurrent Revenue	2,659	68%	3,393	30%	-22%
Non-Recurrent Revenue	1,259	32%	7,832	70%	-84%
Total	3,918	100%	11,225	100%	-65%

GROSS PROFIT ANALYSIS



(HKD mm)	<u>Six months ended</u>		<u>Six months ended</u>		<u>% Change</u>
	<u>30 Jun 2020</u>	<u>% Weighting</u>	<u>30 Jun 2019</u>	<u>% Weighting</u>	
Recurrent Gross Profit					
Property Rental	1,846	77%	1,907	37%	-3%
Hotel Operations	36	2%	370	7%	-90%
Total Recurrent Gross Profit	1,882	79%	2,277	44%	-17%
Non-recurrent Gross Profit					
Property Sales	513	21%	2,926	56%	-82%
Total	2,395	100%	5,203	100%	-54%

FINANCIAL POSITION



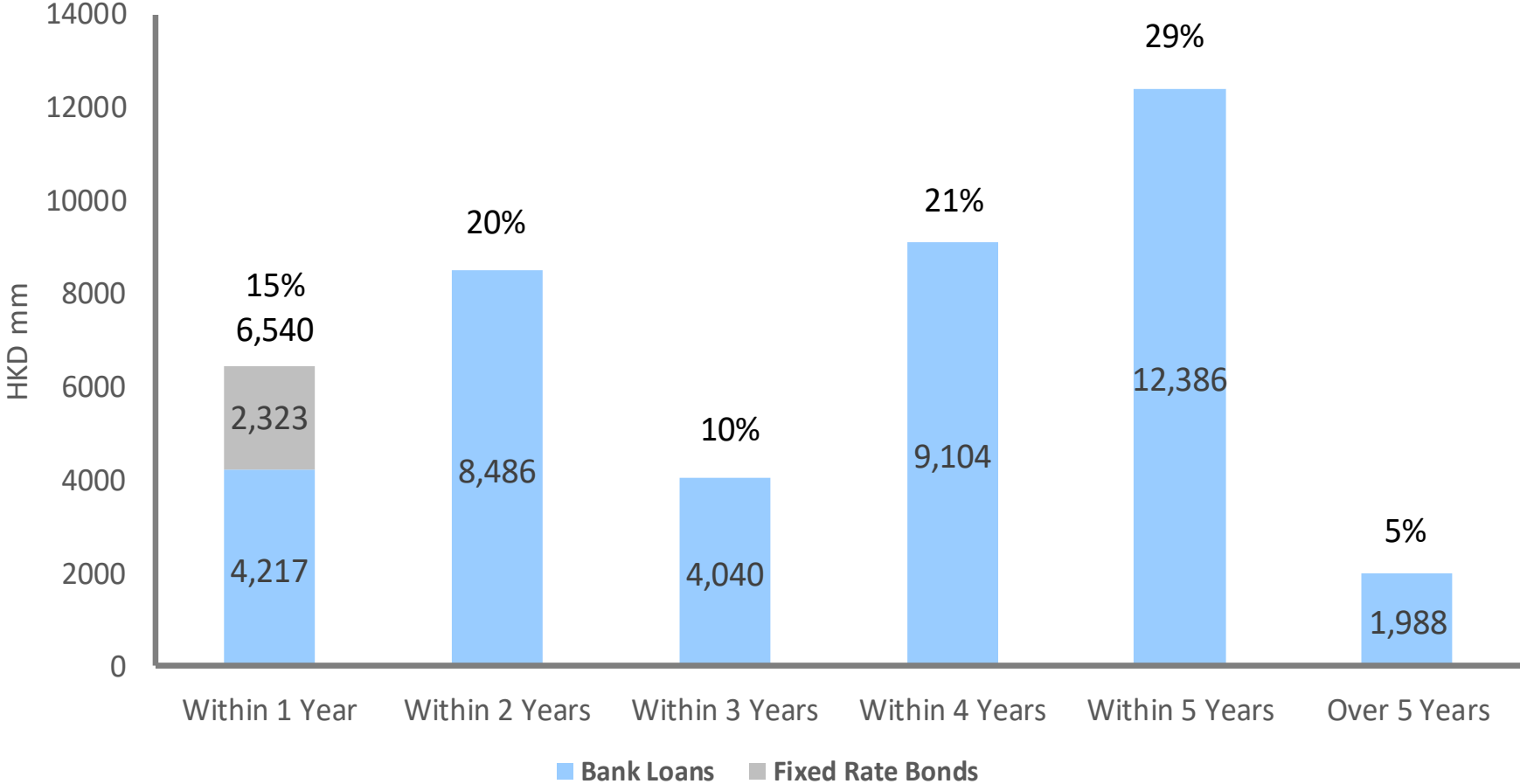
(HKD mm)	As of <u>Jun 30, 2020</u>	As of <u>Dec 31, 2019</u>	<u>% Change</u>
Total Debt	42,544	39,541	+8%
Less: Cash and bank balances	(11,107)	(12,255)	-9%
Net Debt	<u>31,437</u>	<u>27,286</u>	+15%
Undrawn bank loan facilities	14,672	12,590	+17%
NAV	99,836	101,705	-2%
Net debt to total equity	27.8%	23.6%	+4.2%
No. of issued shares at year end (mm)	1,457	1,457	+0.0%
NAV / Share	HK\$68.55	HK\$69.83	-2%
	<u>1H 2020</u>	<u>1H 2019</u>	
Interest cover * (x)	4.7	16.8	
Dividend cover * (x)	1.9	5.4	

* Before fair value increase of investment properties

DEBT MATURITY PROFILE AS OF JUN 30, 2020



Total Debt : HK\$42,544 mm





MAINLAND PROPERTY DIVISION



MAINLAND PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>Six months ended 30 Jun 2020</u>	<u>Six months ended 30 Jun 2019</u>	<u>% Change</u>
Revenue			
Property rental	1,666	1,834	-9%
Property sales	376	5,115	-93%
Hotel	339	965	-65%
Total	<u>2,381</u>	<u>7,914</u>	-70%
Gross profit			
Property rental	1,321	1,440	-8%
Property sales	186	1,645	-89%
Hotel	36	370	-90%
Total	<u>1,543</u>	<u>3,455</u>	-55%
Gross profit margin			
<i>Property rental</i>	79%	79%	
<i>Property sales</i>	49%	32%	
<i>Hotel</i>	11%	38%	
<i>Overall</i>	65%	44%	



Investment Property Portfolio in Mainland China as at 30 Jun 2020:-

KPL's attributable GFA ('000 sq ft)	Beijing	Shanghai	Shenzhen	Hangzhou	Others	Total
Office	711	1,388	1,552	102	549	4,302
Commercial	98	1,096	104	798	955	3,051
Apartment	277	774	-	-	-	1,051
Total GFA	1,086	3,258	1,656	900	1,504	8,404
% weighting	13%	39%	19%	11%	18%	100%

Occupancy rates of major investment properties as at 30 Jun 2020:-

	As at 30 Jun 2020	As at 31 Dec 2019
Jing An Kerry Centre Phase I	90%	97%
Jing An Kerry Centre Phase II ⁽¹⁾	91%	96%
Kerry Parkside ⁽¹⁾	91%	94%
Beijing Kerry Centre ⁽¹⁾	91%	96%
Shenzhen Kerry Plaza	91%	92%
Hangzhou Kerry Centre ⁽¹⁾	91%	94%

1) Excluding hotel

Average occupancy rates of major hotel properties:-

	1H 2020	1H 2019
Kerry Hotel, Beijing	19%	84%
Jing An Shangri-La Hotel, Shanghai	30%	75%
Kerry Hotel, Pudong Shanghai	20%	74%
Midtown Shangri-La Hotel, Hangzhou	36%	74%

Detailed occupancy rates of major investment properties as at 30 Jun 2020:-

		As at <u>30 Jun 2020</u>	As at <u>31 Dec 2019</u>
Jing An Kerry Centre Ph I	- Serviced Apartment	93%	94%
	- Office	87%	98%
	- Retail	96%	98%
	- Average	90%	97%
Jing An Kerry Centre Ph II	- Office	92%	97%
	- Retail	90%	95%
	- Average	91%	96%
Kerry Parkside	- Serviced Apartment	78%	82%
	- Office	96%	98%
	- Retail	88%	94%
	- Average	91%	94%
Beijing Kerry Centre	- Serviced Apartment	92%	92%
	- Office	93%	98%
	- Retail	74%	94%
	- Average	91%	96%
Shenzhen Kerry Plaza	- Office	90%	92%
	- Retail	100%	96%
	- Average	91%	92%
Hangzhou Kerry Centre	- Office	94%	94%
	- Retail	90%	94%
	- Average	91%	94%

MAINLAND PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT

Name		Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)
1	Wuhan Complex Development	Wuhan	R/O/C	Schematic design in progress	In phases from 2024 onwards	100	4,441,248
2	Fuzhou Cangshan Complex Development	Fuzhou	R/O/C	Basement structural work in progress	2022	100	3,529,397
3	Shenyang Kerry Centre Phase III	Shenyang	R/O/C	Foundation pit support work in progress	In phases from 2022 onwards	60	2,969,114
4	Hangzhou Complex Development	Hangzhou	R/O/C	Schematic design in progress	2025	100	2,438,107
5	Shenzhen Qianhai Kerry Centre Phase I	Shenzhen	R/O/C	Residential: Curtain wall installation completed. Office: Curtain wall installation, mechanical and engineering work in progress.	2H 2020	100	2,173,844
6	Qinhuangdao Habitat Phase II	Qinhuangdao	R/C	Schematic design in progress	In phases from 2023 onwards	60	2,042,637
7	Zhengzhou Complex Development	Zhengzhou	R/H/O/C	Piling work in progress	In phases from 2023 onwards	55	1,156,771
8	Tianjin Kerry Centre Phase II	Tianjin	R/O/C	Schematic design in progress	2024	49	731,395
9	Shenzhen Qianhai Kerry Centre Phase III	Shenzhen	O/C	Piling work in progress	2024	70	620,114
10	Nanchang Complex Development Phase II	Nanchang	O/C	Schematic design in progress	2023	80	532,215
11	Kunming Complex Development	Kunming	R/H	Basement structural work in progress	2022	55	382,925
12	Shenzhen Qianhai Kerry Centre Phase II	Shenzhen	H/O/C	Hotel: Superstructure work topped up. Office: Superstructure in progress	2022	25	322,830
13	Shenyang Kerry Centre Phase II (Arcadia Height Tower 1)	Shenyang	R	Interior decoration work in progress	2H 2020	60	233,462
14	Putian Hotel Development	Putian	H/C	Curtain wall installation, mechanical and engineering, and interior decoration work in progress	2H 2020	60	220,509
TOTAL AS AT 30 JUN 2020							21,794,568

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



HONG KONG PROPERTY DIVISION





(HKD mm)	<u>Six months ended</u> <u>30 Jun 2020</u>	<u>Six months ended</u> <u>30 Jun 2019</u>	<u>% Change</u>
Revenue			
Property rental	654	594	+10%
Property sales	883	2,717	-68%
Total	<u><u>1,537</u></u>	<u><u>3,311</u></u>	-54%
Gross profit			
Property rental	525	467	+12%
Property sales	327	1,281	-74%
Total	<u><u>852</u></u>	<u><u>1,748</u></u>	-51%
Gross profit margin			
<i>Property rental</i>	80%	79%	
<i>Property sales</i>	37%	47%	
<i>Overall</i>	55%	53%	

Investment Property Portfolio as at 30 Jun 2020:-

	<u>Total GFA</u> (‘000 sq ft)
Apartment	871
Commercial	1,220
Office	834
Warehouse	1,266
Total GFA	<u>4,191</u>

Occupancy rates of investment property portfolio as at 30 Jun 2020:-

	Occupancy rate as at	
	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>
Apartment	82%	81%
Commercial	99%	100%
Office	96%	97%
Warehouse	72%	69%

HONG KONG PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT



Name		Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	Attributable buildable GFA* (s.f.)
1	Beacon Hill Project	Beacon Hill	R	Superstructure work in progress	2021	100	342,769
2	Wong Chuk Hang Station Package Four Property Development Project	Wong Chuk Hang	R	Schematic design in progress	2025	50	319,153
3	Wong Chuk Hang Station Package Two Property Development Project	Wong Chuk Hang	R	Superstructure work in progress	2023	50	246,496
4	La Salle Road Project	Ho Man Tin	R	Superstructure work in progress	2H 2020	100	45,176
TOTAL AS AT 30 JUN 2020							953,594

R=Residential

* KPL share



THANK YOU



APPENDIX



UNDERLYING PROFIT



(HKD mm)	<u>Six months ended</u> 30 Jun 2020	<u>Six months ended</u> 30 Jun 2019	<u>% Change</u>
Profit attributable to the shareholders	1,074	3,595	-70%
Fair value change of investment properties, net of tax			
Increase in fair value of investment properties	(169)	500	-134%
Effect of corresponding deferred tax charges	(15)	(104)	+86%
Share of increase in fair value of investment properties (net of deferred tax) of associates	91	100	-9%
Effect of share of non-controlling interests	61	(44)	+239%
Subtotal	(32)	452	-107%
Underlying profit attributable to the shareholders	1,106	3,143	-65%
Underlying earnings per share (HK\$)	0.76	2.16	-65%