

Y2015 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 5.8 bn
Total Saleable Area Sold	✓ Approx. 346,000 sf
Key Properties Sold	✓ The Bloomsway *, Dragons Range, 1 & 3 Ede Road
Land Acquisition (2/2015)	✓ Lung Cheung Road, Beacon Hill
Ongoing Construction Activities	✓ The Bloomsway in So Kwun Wat, Tuen Mun, Mantin Heights in Ho Man Tin, Shan Kwong Road and Beacon Hill
PRC PROPERTY	
Total Contract Sales	✓ Approx. HKD 6.8 bn
Total GFA Sold	✓ Approx. 361,000 sm
Key Properties Sold	<ul style="list-style-type: none"> ✓ Hangzhou Zhijiang Castalia Court *, Chengdu Metropolis-Arcadia Court Ph 2 *, Nanjing Jinling Arcadia Court *, Shanghai Kerry Everbright City Ph 3 Enterprise Centre office * ✓ Putian Arcadia Court, Nanchang Arcadia Court Ph 1, Shenyang Arcadia Court Ph 1
New Investment Properties / Hotel	<ul style="list-style-type: none"> ✓ Riverview Place, a mall at Tianjin Kerry Centre Ph 1 (4/2015) ✓ Shangri-La Hotel, Nanchang (2/2015), Shangri-La Hotel, Tangshan (8/2015)
Land Acquisition (1/2015)	✓ Qianhai, Shenzhen
Ongoing Construction Activities	✓ Kerry Central Hangzhou, Shenyang Kerry Centre, Jinan Complex Development, Shenzhen Qianhai Complex Development

* Launched during Year 2015

FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>FY2015</u>	<u>FY2014</u>	<u>% Change</u>
Turnover	10,393	14,664	-29%
Gross profit	3,911	6,208	-37%
<i>Gross profit margin (%)</i>	37.6%	42.3%	-4.7%
Share of results of associates	2,018	1,303	+55%
Profit attributable to shareholders			
- Before taking into account the net increase in fair value of investment properties	3,481	4,384	-21%
- Increase in fair value of investment properties (net of related tax effects)	2,049	2,390	-14%
- After taking into account the net increase in fair value of investment properties	5,530	6,774	-18%
Earnings per share (HK\$)			
- Before taking into account the net increase in fair value of investment properties	2.41	3.04	-21%
- After taking into account the net increase in fair value of investment properties	3.83	4.69	-18%
Final dividend per share (HK\$)	0.60	0.60	+0%
Dividend per share (HK\$)			
- Interim	0.30	0.30	+0%
- Final	0.60	0.60	+0%
- Total	0.90	0.90	+0%
Payout ratio (%)	37.3%	29.6%	+7.7%

TURNOVER ANALYSIS



(HKD mm)	<u>FY 2015</u>	<u>% Weighting</u>	<u>FY 2014</u>	<u>% Weighting</u>	<u>% Change</u>
Revenue from Property Rental					
- PRC	2,897	28%	2,294	16%	+26%
- Hong Kong	904	9%	875	6%	+3%
	<u>3,801</u>	<u>37%</u>	<u>3,169</u>	<u>22%</u>	<u>+20%</u>
Revenue from Property Sales *					
- PRC	3,358	32%	3,142	21%	+7%
- Hong Kong	1,727	17%	7,132	49%	-76%
	<u>5,085</u>	<u>49%</u>	<u>10,274</u>	<u>70%</u>	<u>-51%</u>
Hotel Revenue - PRC	1,507	14%	1,221	8%	+23%
Total Turnover	<u>10,393</u>	<u>100%</u>	<u>14,664</u>	<u>100%</u>	<u>-29%</u>
Recurrent Revenue	5,308	51%	4,390	30%	+21%
Non-Recurrent Revenue	5,085	49%	10,274	70%	-51%
Total	<u>10,393</u>	<u>100%</u>	<u>14,664</u>	<u>100%</u>	<u>-29%</u>

* Exclude sales of investment properties

GROSS PROFIT ANALYSIS



(HKD mm)	<u>FY 2015</u>	<u>% Weighting</u>	<u>FY 2014</u>	<u>% Weighting</u>	<u>% Change</u>
<u>Recurrent Gross Profit</u>					
Property Rental	2,947	75%	2,484	40%	+19%
Hotel Operations	<u>154</u>	<u>4%</u>	<u>65</u>	<u>1%</u>	+137%
Total Recurrent Gross Profit	3,101	79%	2,549	41%	+22%
<u>Non-recurrent Gross Profit</u>					
Property Sales *	810	21%	3,659	59%	-78%
Total	<u><u>3,911</u></u>	<u><u>100%</u></u>	<u><u>6,208</u></u>	<u><u>100%</u></u>	-37%

* Include provision of impairment of properties under development.

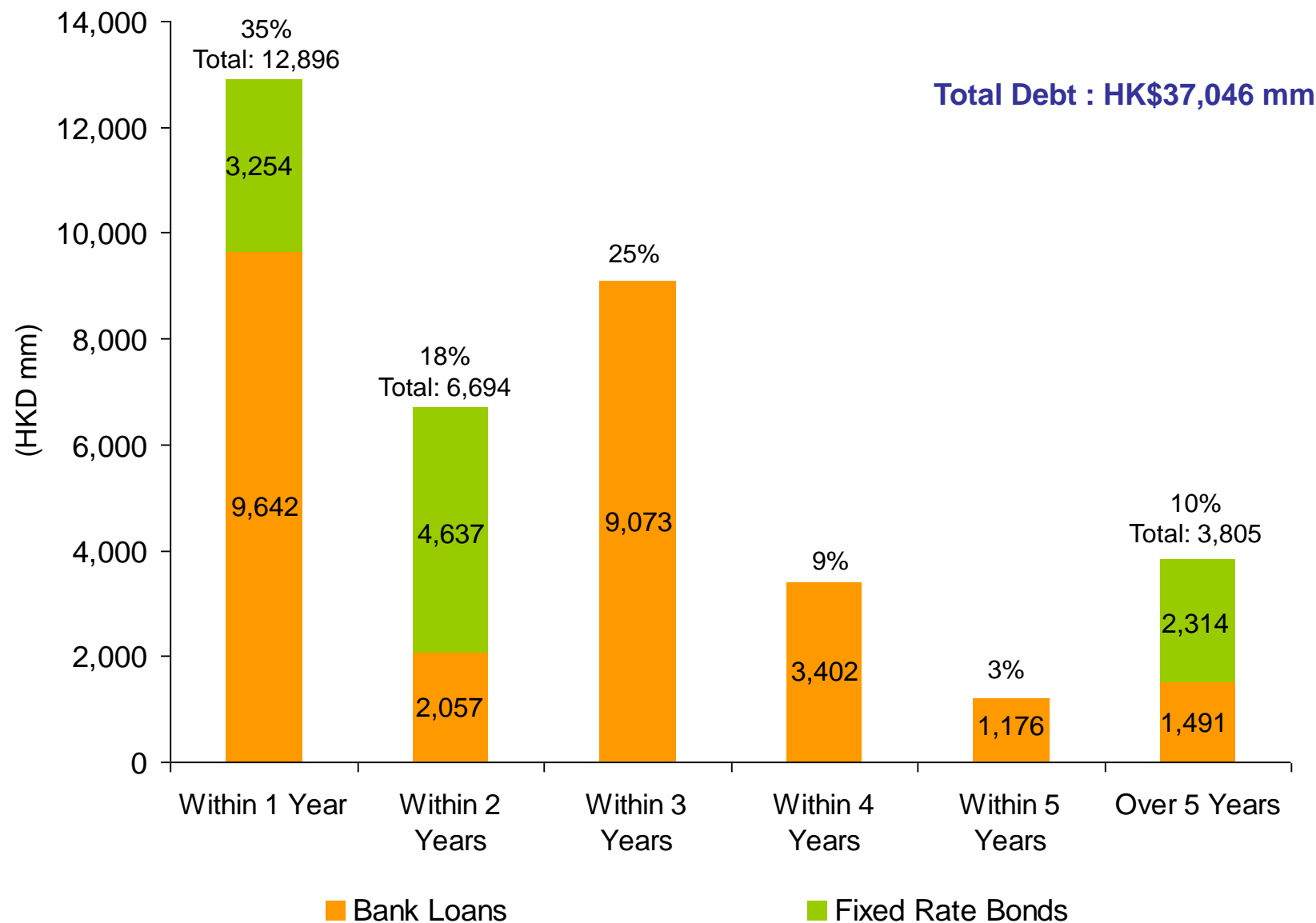
FINANCIAL POSITION



(HKD mm)	<u>As of</u> <u>Dec 31, 2015</u>	<u>As of</u> <u>Dec 31, 2014</u>	<u>% Change</u>
Total Debt	37,046	34,239	+8%
Less: Cash and Bank Balances	<u>(10,865)</u>	<u>(11,392)</u>	-5%
Net Debt	<u>26,181</u>	<u>22,847</u>	+15%
Undrawn bank loan facilities	16,244	13,840	+17%
NAV	81,353	80,079	+2%
Net debt to total equity	27.8%	24.5%	+3.3%
No. of issued shares (mm)	1,446	1,445	+0.1%
NAV / Share	HK\$56.27	HK\$55.43	+2%
	<u>FY 2015</u>	<u>FY 2014</u>	
Interest cover * (x)	6.1	8.2	
Dividend cover * (x)	2.7	3.4	

* Before fair value increase of investment properties

DEBT MATURITY PROFILE AS OF DEC 31, 2015





PRC PROPERTY DIVISION



PRC PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
<u>Turnover</u>			
Property rental	2,897	2,294	+26%
Property sales revenue excluding investment properties	3,358	3,142	+7%
Hotel	1,507	1,221	+23%
Total turnover	<u>7,762</u>	<u>6,657</u>	+17%
<u>Gross profit</u>			
Property rental	2,272	1,821	+25%
Property sales	602	759	-21%
Hotel	154	65	+137%
Subtotal	<u>3,028</u>	<u>2,645</u>	+14%
Provision of impairment of properties under development	(400)	-	n/a
Total	<u>2,628</u>	<u>2,645</u>	-0.6%
<u>Gross profit margin</u>			
<i>Property rental</i>	78%	79%	
<i>Property sales</i>	18%	24%	
<i>Hotel</i>	10%	5%	
<i>Overall (before provision of impairment)</i>	39%	40%	
<i>Overall (after provision of impairment)</i>	34%	40%	



➔ Investment Property Portfolio in Mainland China as at 31 Dec 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)
Office	711	1,503	1,552	-	-	3,766
Commercial	98	1,099	212	428	64	1,901
Apartment	277	774	-	-	-	1,051
Total GFA	1,086	3,376	1,764	428	64	6,718
% weighting	16%	50%	26%	7%	1%	100%

➔ Occupancy rates of major investment properties as at 31 Dec 2015:-

	<u>As at</u>	<u>As at</u>
	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>
Beijing Kerry Centre ⁽¹⁾	96%	95%
Jing An Kerry Centre Phase I	96%	90%
Jing An Kerry Centre Phase II ⁽¹⁾	96%	90%
Kerry Parkside Shanghai Pudong ⁽¹⁾	97%	96%
Shenzhen Kerry Plaza Phase I	97%	98%
Shenzhen Kerry Plaza Phase II	100%	98%

1) Excluding hotel

➔ Average occupancy rates of major hotel properties:-

	<u>FY2015</u>	<u>FY2014</u>
Kerry Hotel, Beijing	78%	74%
Jing An Shangri-La Hotel, Shanghai	74%	65%
Shangri-La Hotel, Shenyang	67%	44%
Kerry Hotel, Pudong Shanghai	71%	66%



➔ Detailed occupancy rates of major investment properties as at 31 Dec 2015:-

	<u>As at 31 Dec 2015</u>	<u>As at 31 Dec 2014</u>
Beijing Kerry Centre		
- Serviced Apartment	91%	86%
- Office	98%	99%
- Retail	100%	96%
- Average	96%	95%
Jing An Kerry Centre Ph I		
- Serviced Apartment	93%	79%
- Office	99%	94%
- Retail	90%	97%
- Average	96%	90%
Jing An Kerry Centre Ph II		
- Office	96%	88%
- Retail	96%	94%
- Average	96%	90%
Kerry Parkside Shanghai Pudong		
- Serviced Apartment	86%	79%
- Office	100%	100%
- Retail	99%	100%
- Average	97%	96%
Shenzhen Kerry Plaza Phase I office	97%	98%
Shenzhen Kerry Plaza Phase II		
- Office	100%	98%
- Retail	100%	100%
- Average	100%	98%

PRC PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT



Name		Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)
MIXED USED DEVELOPMENT							
1	Nanchang Arcadia Court Towers 1, 3 to 5 and Complex Development	Nanchang	R/O/C	Ph I – Residential Towers 1 & 3: Interior decoration in progress; Towers 4 & 5: Structural work topped out	Ph I – In phases from 2016	80	1,247,106
2	Kerry Central, Hangzhou	Hangzhou	A/C/H/O	External work, interior decoration and mechanical and engineering work in progress	2016	75	1,614,156
3	Shenyang Kerry Centre	Shenyang	R/O/C	Ph I – Residential: Interior decoration, external work, mechanical and engineering work in progress Ph II – Residential: Superstructure work in progress; Commercial & office: Structural work completed	Ph I – 2016 Ph II – In phases from 2017	60	5,773,652
4	Zhengzhou Complex Development	Zhengzhou	R/H/O/C	Schematic design in progress	In phases from 2019	55	1,296,168
SUBTOTAL							9,931,082
OTHER INVESTMENT PROPERTIES							
5	Tangshan Parkside Place	Tangshan	C	Interior decoration work in progress	1H 2016	40	79,481
6	Jinan Complex Development	Jinan	O/C/H	Structural work topped out. Interior decoration work in progress	In phases from 2017	55	588,906
7	Kunming Complex Development	Kunming	H/R/O	Schematic design in progress	2019	55	485,030
8	Shenzhen Qianhai Complex Development *	Shenzhen	R/O/C	Piling work in progress	2019	100	2,173,844
SUBTOTAL							3,327,261
MIXED USE DEVELOPMENT AND OTHER INVESTMENT PROPERTIES							13,258,343

* 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.)	
PRIMARILY FOR SALE PROPERTIES							
9	Qinhuangdao Habitat Ph I Tower 3, Ph 2 and 3	Qinhuangdao	R/C	Ph I – Interior decoration work in progress	Phase I – 1H 2016	60	2,360,409
10	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 2016	65	2,796,905
11	Putian Arcadia Court West District and Hotel Development	Putian	R/H/C	Ph I – Residential: External work, mechanical & engineering work in progress	Phase I – In phases from 2016	60	1,608,987
12	Changsha Xiangjiang Arcadia Court Phase II and III	Changsha	R/C	Ph II – Interior decoration, external work, mechanical & engineering work in progress Ph III – Schematic design in progress	In phases between 2016 & 2019	100	2,313,076
13	Nanjing Jinling Arcadia Court	Nanjing	R	External work in progress	2017	100	1,028,898
14	The Berylville, Ningbo Ph 2	Ningbo	R	Piling work in progress	2017	50	314,293
15	Hangzhou Zhijiang Castalia Court	Hangzhou	R/C	Ph I – Interior decoration work in progress Ph II – Structural work in progress	In phases from 2017	100	2,482,858
16	The Metropolis – Arcadia Court Phase II & III	Chengdu	R/C	Ph II - Mechanical & engineering work in progress Ph III - Schematic design in progress	In phases from 2017	55	2,640,350
						SUBTOTAL	15,545,776
						AS AT 31 DEC 2015	28,804,119



HONG KONG PROPERTY DIVISION



HONG KONG PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



(HKD mm)	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
<u>Turnover</u>			
Property rental	904	875	+3%
Property sales revenue excluding investment properties	<u>1,727</u>	<u>7,132</u>	-76%
Total turnover	<u><u>2,631</u></u>	<u><u>8,007</u></u>	-67%
<u>Gross profit</u>			
Property rental	675	663	+2%
Property sales	<u>608</u>	<u>2,900</u>	-79%
Total	<u><u>1,283</u></u>	<u><u>3,563</u></u>	-64%
<u>Gross profit margin</u>			
<i>Property rental</i>	75%	76%	
<i>Property sales</i>	35%	41%	
<i>Overall</i>	49%	44%	

HONG KONG PROPERTY DIVISION – INVESTMENT PROPERTY PORTFOLIO



➔ Investment Property Portfolio as at 31 Dec 2015:-

	Total GFA (‘000 sq ft)
Apartment	722
Commercial	1,223
Office	840
Total GFA	<u>2,785</u>

➔ Occupancy rates of investment property portfolio as at 31 Dec 2015:-

	Occupancy rate as at	
	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>
Apartment	85%	97% *
Commercial	100%	99%
Office	99%	95%

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

HONG KONG PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT



Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	Buildable GFA** (s.f.)	
FOR SALE PROPERTIES							
1	The Bloomsway	So Kwun Wat	R	Superstructure work in progress	4Q 2016	100	939,600
2	Shan Kwong Road Project	Happy Valley	R	Superstructure work in progress	4Q 2016	100	81,217
3	Mantin Heights	Ho Man Tin	R	Superstructure work in progress	1Q 2017	100	1,142,168
4	Beacon Hill Project *	Beacon Hill	R	Foundation work in progress	2Q 2018	100	116,380
5	Hing Hon Road Project	Sai Ying Pun	R	Schematic design in progress	3Q 2019	71	47,962
6	Nam Van Project	Macau	R	Schematic design in progress	2Q 2020	100	397,190
AS AT 31 DEC 2015							2,724,517

R=Residential

* Acquired in 1H 2015

** KPL share



Conclusion





- PRC continues its sales growth momentum into 2016 Y-T-D with steady selling price up-trend experienced in our projects.
- The Board declared a final dividend at HK\$0.60 per share, bringing a full year dividend for FY2015 to HK\$0.90 per share, in line with FY 2014, despite underlying profit has decreased 21% in FY 2015. Thus, full year payout ratio rose to 37.3% (2014: 29.6%).



THANK YOU



APPENDIX



UNDERLYING PROFIT



(HKD mm)	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
Profit attributable to the shareholders	5,530	6,774	-18%
Fair value change of investment properties, net of tax			
Increase in fair value of investment properties	2,466	2,511	-2%
Effect of corresponding deferred tax charges	(279)	(343)	-19%
Share of increase in fair value of investment properties (net of deferred tax) of associates	49	434	-89%
Effect of share of non-controlling interests	(187)	(212)	-12%
Subtotal	2,049	2,390	-14%
Underlying profit attributable to the shareholders	<u>3,481</u>	<u>4,384</u>	-21%
Underlying earnings per share (HK\$)	<u>2.41</u>	<u>3.04</u>	-21%