

# Y2016 Interim Results



**KERRY PROPERTIES LIMITED**

嘉里建設有限公司

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# HIGHLIGHTS



HONG KONG PROPERTY	
Total Contracted Sales	✓ HKD 2.9 bn
Total Saleable Area Sold	✓ Approx. 182,000 sf
Key Properties Sold	✓ The Bloomsway , Mantin Heights *
Land Acquisition	✓ LaSalle Road/Boundary Street in Ho Man Tin (6/2016)
Ongoing Construction Activities	✓ The Bloomsway in So Kwun Wat, Mantin Heights in Ho Man Tin, Shan Kwong Road and Beacon Hill projects
PRC PROPERTY	
Total Contracted Sales	✓ Approx. HKD 7.2 bn
Total GFA Sold	✓ Approx. 348,000 sm
Key Properties Sold	✓ Hangzhou Zhijiang Castalia Court, Putian Arcadia Court, Nanjing Jinling Arcadia Court, Chengdu Metropolis-Arcadia Court Ph 2, Nanchang Arcadia Court Ph 1, Shenyang Arcadia Court Ph 1, Shanghai Kerry Everbright City Ph 3 Enterprise Centre office
New Investment Properties / Hotel	<ul style="list-style-type: none"> <li>✓ Office at Hangzhou Kerry Centre (3/2016)</li> <li>✓ Midtown Shangri-La Hotel, Hangzhou (3/2016)</li> </ul>
Project Disposals	✓ Yingkou (5/2016), Ph 3 in Chengdu Metropolis-Arcadia Court (7/2016) [ <i>Completion of shares transfer is expected to be in 2H 2016</i> ]
Ongoing Construction Activities	✓ Hangzhou Kerry Centre, Shenyang Kerry Centre, Jinan Complex Development, Shenzhen Qianhai Complex Development

\* Launched during 1H 2016

# FINANCIAL RESULTS OVERVIEW



(HKD mm)	Six months ended <u>30 Jun 2016</u>	Six months ended <u>30 Jun 2015</u>	<u>% Change</u>
<b>Turnover</b>	5,537	4,204	+32%
<b>Gross profit</b>	2,612	2,158	+21%
<i>Gross profit margin (%)</i>	47%	51%	-4%
<b>Share of results of associates</b>	548	1,197	-54%
<b>Profit attributable to shareholders</b>			
- Before taking into account the net increase in fair value of investment properties	1,434	2,182	-34%
- Increase in fair value of investment properties (net of related tax effects)	<u>607</u>	<u>607</u>	+0%
- After taking into account the net increase in fair value of investment properties	<u><u>2,041</u></u>	<u><u>2,789</u></u>	-27%
<b>Earnings per share (HK\$)</b>			
- Before taking into account the net increase in fair value of investment properties	0.99	1.51	-34%
- After taking into account the net increase in fair value of investment properties	1.41	1.93	-27%
<b>Interim dividend per share (HK\$)</b>	0.30	0.30	+0%
<b><i>Payout ratio (%)</i></b>	30.3%	19.9%	10.4%

# TURNOVER ANALYSIS



(HKD mm)	<b>Six months ended <u>30 Jun 2016</u></b>	<b>% Weighting</b>	<b>Six months ended <u>30 Jun 2015</u></b>	<b>% Weighting</b>	<b><u>% Change</u></b>
Revenue from Property Sales *					
- PRC	2,566	46%	435	10%	+490%
- Hong Kong	203	4%	1,304	31%	-84%
	<u>2,769</u>	<u>50%</u>	<u>1,739</u>	<u>41%</u>	<u>+59%</u>
Revenue from Property Rental					
- PRC	1,452	26%	1,319	31%	+10%
- Hong Kong	512	9%	437	11%	+17%
	<u>1,964</u>	<u>35%</u>	<u>1,756</u>	<u>42%</u>	<u>+12%</u>
Hotel Revenue - PRC	804	15%	709	17%	+13%
<b>Total Turnover</b>	<b><u>5,537</u></b>	<b><u>100%</u></b>	<b><u>4,204</u></b>	<b><u>100%</u></b>	<b><u>+32%</u></b>
Recurrent Revenue	2,768	50%	2,465	59%	+12%
Non-Recurrent Revenue	2,769	50%	1,739	41%	+59%
Total	<u>5,537</u>	<u>100%</u>	<u>4,204</u>	<u>100%</u>	<u>+32%</u>

\* Exclude sales of investment properties

# GROSS PROFIT ANALYSIS



(HKD mm)	Six months ended <u>30 Jun 2016</u>	% <u>Weighting</u>	Six months ended <u>30 Jun 2015</u>	% <u>Weighting</u>	<u>% Change</u>
<u>Non-recurrent Gross Profit</u>					
Property Sales	949	36%	615	28%	+54%
<u>Recurrent Gross Profit</u>					
Property Rental	1,568	60%	1,466	68%	+7%
Hotel Operations	95	4%	77	4%	+23%
Total Recurrent Gross Profit	1,663	64%	1,543	72%	+8%
<b>Total</b>	<b><u>2,612</u></b>	<b><u>100%</u></b>	<b><u>2,158</u></b>	<b><u>100%</u></b>	<b>+21%</b>

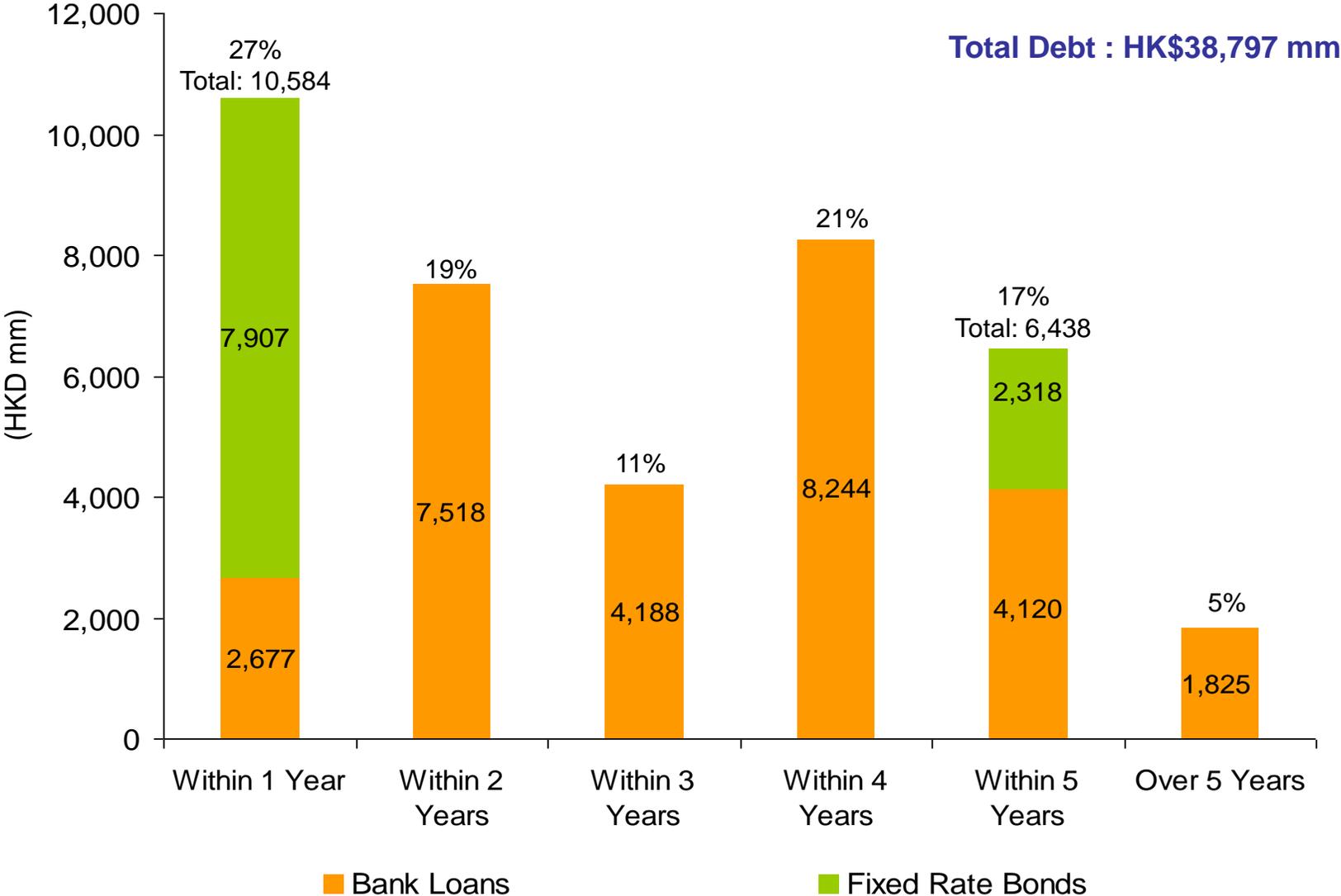
# FINANCIAL POSITION



<b>(HKD mm)</b>	<b>As of <u>Jun 30, 2016</u></b>	<b>As of <u>Dec 31, 2015</u></b>	<b><u>% Change</u></b>
Total Debt	38,797	37,046	+5%
Less: Cash and bank balances	<u>(15,678)</u>	<u>(10,865)</u>	+44%
Net Debt	<u><u>23,119</u></u>	<u><u>26,181</u></u>	-12%
Undrawn bank loan facilities	17,777	16,244	+9%
NAV	81,983	81,353	+1%
Net debt to total equity	24.4%	27.8%	-3.4%
No. of issued shares at period end (mm)	1,443	1,446	-0.2%
NAV / Share	HK\$56.81	HK\$56.27	+1%
	<b><u>1H FY2016</u></b>	<b><u>1H FY2015</u></b>	
Interest cover * (x)	5.4	6.6	
Dividend cover * (x)	3.3	5.0	

\* Before fair value increase of investment properties

# DEBT MATURITY PROFILE AS OF JUN 30, 2016





## PRC PROPERTY DIVISION



# PRC PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2016</u></b>	<b>Six months ended <u>30 Jun 2015</u></b>	<b><u>% Change</u></b>
<u>Turnover</u>			
Property sales revenue excluding investment properties	2,566	435	+490%
Property rental	1,452	1,319	+10%
Hotel	804	709	+13%
<b>Total turnover</b>	<b><u>4,822</u></b>	<b><u>2,463</u></b>	<b>+96%</b>
<u>Gross profit</u>			
Property sales	880	63	+1,297%
Property rental	1,164	1,130	+3%
Hotel	95	77	+23%
<b>Total</b>	<b><u>2,139</u></b>	<b><u>1,270</u></b>	<b>+68%</b>
<u>Gross profit margin</u>			
<i>Property sales</i>	34%	14%	
<i>Property rental</i>	80%	86%	
<i>Hotel</i>	12%	11%	
<i>Overall</i>	44%	52%	



➔ **Investment Property Portfolio in Mainland China as at 30 Jun 2016:-**

	<u>Beijing</u>	<u>Shanghai</u>	<u>Shenzhen</u>	<u>Tianjin</u>	<u>Hangzhou</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)	('000 sq ft)
Apartment	277	774	-	-	-	-	1,051
Office	711	1,492	1,552	-	102	-	3,857
Commercial	98	1,099	212	428	47	64	1,948
Total GFA	1,086	3,365	1,764	428	149	64	6,856
% weighting	16%	49%	26%	6%	2%	1%	100%

➔ **Occupancy rates of major investment properties as at 30 Jun 2016:-**

	<u>As at 30 Jun 2016</u>	<u>As at 31 Dec 2015</u>
Beijing Kerry Centre <sup>(1)</sup>	97%	96%
Jing An Kerry Centre Phase I	92%	96%
Jing An Kerry Centre Phase II <sup>(1)</sup>	95%	96%
Kerry Parkside Shanghai Pudong <sup>(1)</sup>	95%	97%
Shenzhen Kerry Plaza Phase I	99%	97%
Shenzhen Kerry Plaza Phase II	99%	100%

1) Excluding hotel

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

	<u>1H 2016</u>	<u>1H 2015</u>
Kerry Hotel, Beijing	81%	75%
Jing An Shangri-La Hotel, Shanghai	75%	70%
Shangri-La Hotel, Shenyang	64%	62%
Kerry Hotel, Pudong Shanghai	73%	71%
Shangri-La Hotel, Nanchang	57%	58%
Shangri-La Hotel, Tianjin	59%	54%
Midtown Shangri-La Hotel, Hangzhou	51%	N/A



➔ Detailed occupancy rates of major investment properties as at 30 Jun 2016:-

	<u>As at 30 Jun 2016</u>	<u>As at 31 Dec 2015</u>
<b>Beijing Kerry Centre</b>		
- Serviced Apartment	95%	91%
- Office	98%	98%
- Retail	100%	100%
- <b>Average</b>	<b>97%</b>	<b>96%</b>
<b>Jing An Kerry Centre Ph I</b>		
- Serviced Apartment	79%	93%
- Office	98%	99%
- Retail	90%	90%
- <b>Average</b>	<b>92%</b>	<b>96%</b>
<b>Jing An Kerry Centre Ph II</b>		
- Office	95%	96%
- Retail	96%	96%
- <b>Average</b>	<b>95%</b>	<b>96%</b>
<b>Kerry Parkside Shanghai Pudong</b>		
- Serviced Apartment	84%	86%
- Office	98%	100%
- Retail	99%	99%
- <b>Average</b>	<b>95%</b>	<b>97%</b>
<b>Shenzhen Kerry Plaza Phase I office</b>	<b>99%</b>	<b>97%</b>
<b>Shenzhen Kerry Plaza Phase II</b>		
- Office	99%	100%
- Retail	100%	100%
- <b>Average</b>	<b>99%</b>	<b>100%</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	Hangzhou Kerry Centre	Hangzhou	A/C	External work, interior decoration and mechanical and engineering work in progress	2H 2016	75	1,073,830
2	Nanchang Arcadia Court Towers 4 to 5 and Complex Development	Nanchang	R/O/C	Ph I – Residential Towers 4 & 5: Structural work completed	Ph I – In phases from 2H 2016	80	967,329
3	Shenyang Kerry Centre	Shenyang	R/O/C	Ph I – Residential: Interior decoration, mechanical and engineering work in progress Ph II – Residential: Superstructure work in progress; Commercial & office: External work, mechanical and engineering work in progress	Ph I – 2H 2016 Ph II – In phases from 2017	60	5,650,363
4	Zhengzhou Complex Development	Zhengzhou	R/H/O/C	Schematic design in progress	In phases from 2019	55	1,283,664
<b>SUBTOTAL</b>						<b>8,975,186</b>	
<b>OTHER INVESTMENT PROPERTIES</b>							
5	Jinan Complex Development	Jinan	O/C/H	External work, internal work, mechanical and engineering work in progress	In phases from 2017	55	588,906
6	Kunming Complex Development	Kunming	H/R/O	Schematic design in progress	2019	55	483,230
7	Shenzhen Qianhai Complex Development	Shenzhen	R/O/C	Piling and excavation work in progress	2019	100	2,173,844
<b>SUBTOTAL</b>						<b>3,245,980</b>	
<b>MIXED USE DEVELOPMENT AND OTHER INVESTMENT PROPERTIES</b>						<b>12,221,166</b>	

# PRC PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT (Cont'd)



Name	Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	KPL's Attributable GFA (s.f.)	
<b>PRIMARILY FOR SALE PROPERTIES</b>							
8	Changsha Xiangjiang Arcadia Court Phase II and III	Changsha	R/C	Ph II – Interior decoration and external work in progress Ph III – Schematic design in progress	In phases between 2016 & 2019	100	2,313,076
9	Nanjing Jinling Arcadia Court	Nanjing	R	Curtain wall installation work in progress	2017	100	1,028,802
10	The Berylville, Ningbo Ph II	Ningbo	R	Basement structure work in progress	2017	50	314,293
11	The Metropolis – Arcadia Court Phase II	Chengdu	R/C	External work, internal work, mechanical & engineering work in progress	2017	55	1,161,070
12	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	2,482,680
						<b>SUBTOTAL</b>	<b>7,299,921</b>
						<b>TOTAL</b>	<b>19,521,087</b>

Denotation: R=Residential. C=Commercial



## HONG KONG PROPERTY DIVISION



# HONG KONG PROPERTY DIVISION – FINANCIAL RESULTS OVERVIEW



<b>(HKD mm)</b>	<b>Six months ended <u>30 Jun 2016</u></b>	<b>Six months ended <u>30 Jun 2015</u></b>	<b><u>% Change</u></b>
<u>Turnover</u>			
Property rental	512	437	+17%
Property sales revenue	203	1,304	-84%
<b>Total turnover</b>	<b><u>715</u></b>	<b><u>1,741</u></b>	<b>-59%</b>
<u>Gross profit</u>			
Property rental	404	336	+20%
Property sales	69	552	-88%
<b>Total</b>	<b><u>473</u></b>	<b><u>888</u></b>	<b>-47%</b>
<u>Gross profit margin</u>			
Property rental	79%	77%	
Property sales	34%	42%	
Overall	66%	51%	

# HONG KONG PROPERTY DIVISION – INVESTMENT PROPERTY PORTFOLIO



## ➔ Investment Property Portfolio as at 30 Jun 2016:-

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

## ➔ Occupancy rates of investment property portfolio as at 30 Jun 2016:-

	<b>Occupancy rate as at</b>	
	<b><u>30 Jun 2016</u></b>	<b><u>31 Dec 2015</u></b>
<b>Apartment</b>	97%	85%
<b>Commercial</b>	100%	100%
<b>Office</b>	85%	99%

# HONG KONG PROPERTY DIVISION – MAJOR PROPERTIES UNDER DEVELOPMENT



Name		Location	Type	Stage of Completion	Expected Completion	KPL's Interest (%)	Buildable GFA** (s.f.)
<b>FOR SALE PROPERTIES</b>							
1	The Bloomsway	So Kwun Wat	R	Superstructure work in progress	1Q 2017	100	939,600
2	Mantin Heights	Ho Man Tin	R	Superstructure work in progress	1Q 2017	100	1,142,168
3	Shan Kwong Road Project	Happy Valley	R	Superstructure work in progress	1Q 2017	100	81,217
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	Demolition work in progress	1Q 2019	71	47,962
6	LaSalle Road/Boundary Street	Ho Man Tin	R	Schematic design in progress	3Q 2019	100	45,180
7	Nam Van Project	Macau	R	Schematic design in progress	2Q 2020	100	397,190
<b>Total</b>							<b>2,769,697</b>



## Outlook





- Basing on the encouraging rebound since the start of 2016 in the PRC, strong sales performance is expected to continue in the 2<sup>nd</sup> half of the year, primarily driven by residential projects in Putian, Chengdu, Nanchang, Nanjing and Tianjin.
- Our group will continue to pursue investment opportunities in Hong Kong to foster long-term growth. Management holds a continued stable outlook for HK Division.



**THANK YOU**



## APPENDIX



# UNDERLYING PROFIT



(HKD mm)	<b>Six months ended <u>30 Jun 2016</u></b>	<b>Six months ended <u>30 Jun 2015</u></b>	<b><u>% Change</u></b>
Profit attributable to the shareholders	2,041	2,789	-27%
Fair value change of investment properties, net of tax			
Increase in fair value of investment properties	919	796	+15%
Effect of corresponding deferred tax charges	(230)	(184)	+25%
Share of increase in fair value of investment properties (net of deferred tax) of associates	68	75	-9%
Effect of share of non-controlling interests	(150)	(80)	+88%
Subtotal	607	607	+0%
Underlying profit attributable to the shareholders	<u>1,434</u>	<u>2,182</u>	-34%
Underlying earnings per share (HK\$)	<u>0.99</u>	<u>1.51</u>	-34%