

**KERRY PROPERTIES LIMITED**

嘉里建設有限公司

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(Stock Code: 00683)

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Underlying Profit Increased 81% in FY 2017; Full Year Dividend +36%

FY 2017 Financial Highlights		FY 2017 (HK\$ million)	Change (%) (vs. FY 2016)
Turnover	- recurrent (rental and hotel business)	6,459	+12%
	- non-recurrent (property sales)	29,089	+304%
	- total	35,548	+174%
Gross Profit	- recurrent (rental and hotel business)	3,996	+18%
	- non-recurrent (property sales)	5,749	+133%
	- total	9,745	+66%
Profit Attributable to Shareholders	- underlying profit	6,651	+81%
	- reported profit	9,242	+41%
Earnings per Share	- based on underlying profit	HK\$4.61	+81%
	- based on reported profit	HK\$6.40	+41%
Dividend per Share	- interim	HK\$0.45	+50%
	- final	HK\$0.90	+13%
	- special	HK\$0.15	-
	- total	HK\$1.50	+36%
Net Asset Value per Share		HK\$65.22	+14%
Net Debt to Total Equity		22.5%	-7.8% pts

Business Highlights:

- The Group achieved solid growth in turnover from the sales of completed properties during the year. The rental and hotel operations also posted a steady performance founded on a growing asset base.
- Underlying profit increased 81% YoY to HK\$6.7bn in FY 2017. An increase in fair value of investment properties (net of deferred taxation) of HK\$2.6bn were recorded in FY 2017 (FY 2016: HK\$2.9bn). After taking into account the net increase in fair value, reported profit increased 41% YoY to HK\$9.2bn (FY 2016: HK\$6.5bn).
- In FY 2017, in terms of contracted sales, the Group achieved HK\$9.3bn from projects in HK, and HK\$7.6bn from projects in the PRC, totalling HK\$16.9bn, surpassed the full year sales target of HK\$16bn.
 - In HK, key projects sold include the inventory units of The Bloomsway and Mantin Heights.
 - In the PRC, key projects sold include 1) Castalia Court in Hangzhou, 2) Shenyang Arcadia Court Phases I & II, 3) Lake Grandeur, a newly launched project in Hangzhou, 4) Habitat in Qinhuangdao, 5) Phase II of The Metropolis-Arcadia Court in Chengdu and 6) The Berylville Phase II, Ningbo.
- In pursuance of the Group's focus on maintaining a steady revenue base, the resulting rental property portfolio is now posting rental and occupancy rates that meet expectations.
 - Boosted by the new addition of Hangzhou Kerry Centre during 2016, PRC property rental and hotel revenue increased 13% YoY to HK\$5.4bn in FY 2017.
 - Overall PRC occupancy for office, commercial and serviced apartments maintained at 96% as of 31 December, 2017.
 - Hotel revenue increased by 11% YoY, mainly due to increases in average occupancy at Midtown Shangri-La, Hangzhou and improving performances at other existing hotels. A new hotel, Shangri-La Hotel, Jinan, commenced operations in Q4 2017.
 - The Group will continue to develop its portfolio of mixed-use landmark properties in the CBDs of major cities. New properties, including those under development in Qianhai and Shenyang, will be added to the rental portfolio as they come on stream within the next few years.
- In terms of land acquisition, on 5 December 2017, the Group and Sino Land were jointly awarded a tender by MTR for the Wong Chuk Hang Station Package Two Property Development for private residential purposes with a buildable GFA of approximately 493,000 square feet. The Group holds a 50% stake in the project which is scheduled for completion in 2022.
- Net asset value increased by 14% from beginning of the year to HK\$65.22 per share as of 31 December, 2017.
- Balance sheet position is solid, with HK\$13.7bn in cash and bank balances and HK\$11.7bn in available undrawn bank loan facilities, making up a total of HK\$25.4bn in available funds as of 31 December, 2017. Net debt to total equity decreased 7.8% points to 22.5% as of 31 December, 2017 from 30.3% as of 31 December, 2016.
- A final dividend of HK\$0.90/share, increase of 13% YoY and a special dividend of HK\$0.15 per share has been declared. Together with the interim dividend of HK\$0.45/ share, the total full year dividend will be HK\$1.50/share and represents an annual payout ratio of 33%.