



KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

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**Recurrent Revenue in 1H 2014 increased 81% YoY
Recurrent Gross Profit registered 56% increase YoY**

1H 2014 Financial Highlights

Items	Amount	Change (%) (vs 1H 2013)	
Turnover	- recurrent (<i>rental and hotel business</i>)	HK\$ 2,034 mill	+81%
	- non-recurrent (<i>property sales</i>)	HK\$ 4,140 mill	-37%
	- total	HK\$ 6,174 mill	-20%
Gross Profit	- recurrent (<i>rental and hotel business</i>)	HK\$ 1,200 mill	+56%
	- non-recurrent (<i>property sales</i>)	HK\$ 2,034 mill	-19%
	- total	HK\$ 3,234 mill	-1%
Profit Attributable to Shareholders	- underlying profit (<i>from property business</i>)	HK\$1,596 mill	-13%
	- underlying profit (<i>from logistics investment</i>)	HK\$ 208 mill	-54%
	- total underlying profit	HK\$1,804 mill	-21%
	- reported profit	HK\$2,390 mill	-56%
Earnings per Share	- based on underlying profit	HK\$1.25	
	- based on reported profit	HK\$1.65	
Interim Dividend per Share		HK\$0.30	
Payout Ratio		24%	
Net Asset Value per Share		HK\$52.63	

Business Highlights

- In pursuance of the Group's strategy to develop and operate large scale mixed-use investment properties in prime locations of major cities in the PRC, property rental and hotel revenue increased 81% YoY to HK\$2.0 bn and gross profit increased 56% YoY to HK\$1.2 bn in 1H 2014
 - Property rental increase was mainly from Jingan Kerry Centre, Shenzhen Kerry Plaza Ph II and Beijing Kerry Centre in PRC
 - Hotel revenue increase came from two new Shangri-La Hotels in Shanghai Jing An and Shenyang with operations commencing in 2H 2013, and the newly renovated Kerry Hotel in Beijing
- In terms of contracted sales, we achieved HK\$ 3.4bn from projects in HK, and HK\$ 2.1bn from projects in the PRC, totalling HK\$5.5bn in 1H 2014. Contract sales target for full year 2014 remains unchanged at HK\$ 12bn.
 - In HK, key projects sold include The Summa which we launched at the beginning of the year and inventory units of Lions Rise and Altitude. Sales launches planned for 2H 2014 include One Ede Road and Three Ede Road, 8 LaSalle and Dragons Range.
 - In the PRC, key projects sold include new project launches at Putian Arcadia Court Ph 1 and Nanchang Arcadia Court Ph 1, and other inventory units of our Hangzhou, Chengdu, Tianjin, Tangshan, Shenyang, Changsha and Ningbo residential projects and office units of Shenyang project. Sales launches planned for 2H 2014 include Hangzhou Zhijiang residential and Shanghai Kerry Everbright City Ph 3 office projects
- In 1H 2014, property sales revenue was HK\$ 4.1bn, a 37% decrease YoY
 - The drop in property sales revenue is due to lower revenue recognition of PRC property sales compared to 1H 2013. In 1H 2014, The Summa, Altitude and Lions Rise were the key contributors to HK property sales revenue, whilst Hangzhou Parkview Residence Ph 2 and Chengdu Metropolis-Arcadia Court Ph 1 were the key contributors to PRC property sales recognition
- Due to the change in the company's interest in Kerry Logistics Network Limited from a wholly-owned subsidiary to an associate as a result of the spin-off of Kerry Logistics in December 2013, the share of net profit of Kerry Logistics investment (before fair value increase of investment properties) was HK\$0.2 bn, a 54% decrease YoY. Together with the underlying profit from property business amounting to approx. HK\$ 1.6 bn, the total underlying profit achieved for the period was HK\$ 1.8 bn.
- The reported profit registered a 56% decrease to HK\$2.4 bn, mainly due to the significant YoY drop in fair value increase of investment properties of the Group from HK\$3.1bn to HK\$0.6bn
- Net asset value increased by 0.3% from beginning of the year to HK\$ 52.63 per share as of June 30, 2014
- Our balance sheet position is solid, with HK\$ 10.8bn in cash and bank balances and HK\$ 9.3bn in available undrawn bank loan facilities, making up a total of HK\$ 20.1bn in available funds as of June 30, 2014. Gearing was 31.9% as of June 30, 2014
- Interim dividend per share is HK\$ 0.30, payout ratio is 24%.