

**KERRY PROPERTIES LIMITED***(Incorporated in Bermuda with limited liability)*

嘉里建設有限公司*

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(Stock Code: 00683)

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PRC contracted sales grew 24% YoY
Total PRC Rental Revenue and Gross Profit increased 27% and 29% YoY, respectively
Underlying Profit rose 21% YoY

1H 2015 Financial Highlights		1H 2015 (HK\$ million)	Change (%) (vs. 1H 2014)
Turnover	- recurrent (<i>rental and hotel business</i>)	2,465	+21%
	- non-recurrent (<i>property sales</i>)	1,739	-58%
	- total	4,204	-32%
Gross Profit	- recurrent (<i>rental and hotel business</i>)	1,543	+29%
	- non-recurrent (<i>property sales</i>)	615	-70%
	- total	2,158	-33%
Share of Results of Associates		1,197	+111%
Profit Attributable to Shareholders	- underlying profit	2,182	+21%
	- reported profit	2,789	+17%
Earnings per Share	- based on underlying profit	HK\$1.51	
	- based on reported profit	HK\$1.93	
Interim Dividend per Share		HK\$0.30	
Net Asset Value per Share		HK\$56.73	

Business Highlights

- In terms of contracted sales, the Group achieved HK\$ 2.4bn from projects in HK, and HK\$ 2.6bn from projects in the PRC, totalling HK\$5.0bn in 1H 2015, on track to achieve the full year sales target of HK\$ 12bn.
 - In HK, sales momentum remained strong. Key projects sold include the inventory units of One and Three Ede Road, 8 LaSalle and Dragons Range.
 - In the PRC, the Group was able to achieve contracted sales growth of 24% YoY, as a result of a mild relaxation of government control policies and the satisfactory market responses to the pre-sale of Castalia Court in Zhijiang in Hangzhou and Phase II of The Metropolis-Arcadia Court in Chengdu. Other key projects sold include the inventory units of Putian, Tianjin, Nanchang, Shenyang, and Changsha Xiangjiang Arcadia Court.
- In pursuance of the Group's focus on developing large-scale mixed-use properties in core locations of first-tier cities and certain provincial capitals, the resulting rental property portfolio is now posting rental and occupancy rates that meet expectations.
 - Property rental and hotel revenue increased 21% YoY to HK\$ 2.5 bn and gross profit increased 29% YoY to HK\$1.5 bn in 1H 2015.
 - Overall occupancy for office, commercial and serviced apartments reached 96% as of June 30, 2015, comparing to 86% as of June 30, 2014.
 - Property rental income growth during the period was mainly attributable to Jing An Kerry Centre.
 - Hotel revenue increase mainly due to the improving performance of the existing hotels at Jing An Kerry Centre and Beijing Kerry Centre. Nanchang Shangri-La hotel was soft-opened in February 2015.
- Share of results of associates increased 111% to HK\$1,197 million in 1H 2015 from HK\$566 million in 1H2014 mainly due to the sales recognition of Dragons Range in 1H 2015.
- The Group's underlying profit increased 21% YoY to HK\$2.2 bn in 1H 2015. An increase in fair value of investment properties (net of deferred taxation) of HK\$607 million were recorded in 1H 2015 (1H 2014: HK\$586 million). After taking into account the net increase in fair value, profit attributable to shareholders rose 17% YoY to HK\$2,789 million (1H 2014: HK\$2,390 million).
- Net asset value increased by 2.3% from beginning of the year to HK\$ 56.73 per share as of June 30, 2015.
- Balance sheet position is solid, with HK\$ 11.2bn in cash and bank balances and HK\$ 16.0bn in available undrawn bank loan facilities, making up a total of HK\$ 27.2bn in available funds as of June 30, 2015. Net debt to total equity increased slightly to 26.1% as of June 30, 2015 from 24.5% as of December 31, 2014.
- Interim dividend per share at HK\$0.30 per share has been declared.
- During the period, the Group increased its land bank by acquiring a site in Qianhai, Shenzhen, PRC, for RMB3.9 bn in January 2015 and a site in Beacon Hill, Kowloon, HK, for HK\$2.4 bn in February 2015 through public land sales.