Kerry Properties

Improving financials; Steady Dividend

29 May 2026

Company Overview

Kerry Properties (KPL) is a property developer and landlord in Hong Kong and China. In Hong Kong, KPL focuses on developing premium quality residential properties in prime locations. In China, KPL develops, operates, and owns large-scale mixed-use properties mostly in Tier 1-2 Cities. It also has a c.20% stake in Kerry Logistics Network.

Investment Overview

Niche luxury developer with growing recurring income. Kerry Properties focuses on high-end residential developments that are well received by affluent buyers. Its strategy of retaining commercial and hotel components within its China mixed-use portfolio supports the growth of recurring income base.

Sales proceeds supporting land replenishment. In FY25, the company delivered strong contracted sales of HKD34.7bn, strengthening its balance sheet and enabling selective land bank replenishment, particularly in Hong Kong. Following the conversion of Kerry Hung Kai Godown for residential use, Kerry Properties acquired a residential site in Shau Kei Wan via government tender in Feb-26.

Strong visibility on development earnings. As of Dec-25, the net order book stood at HKD25.4bn, with 88% from China projects. The majority is attributable to Shanghai Jinling Residences, with revenue recognition expected starting from 2027 upon phased completion, underpinning solid earnings visibility over the medium term.

Maintain BUY with HKD28.30 TP. The stock is trading at a 72% discount to our estimated current NAV. Positive market response to new launches, including La Mirabelle in Tseung Kwan O, could support share price sentiment. We maintain a BUY rating with a TP of HKD28.30, based on a 65% discount to our Dec-26 NAV estimate

Risks

Any deterioration in property demand in Hong Kong & China could drag its earnings and share price performance. Any unfavourable housing policy change could trigger a sector-wide de-rating.

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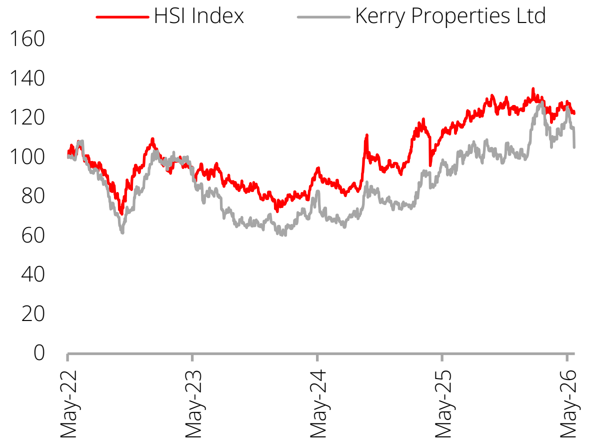
Key Financial Data

Bloomberg Ticker	683 HK
Sector	Real Estate Management & Development
Share Price (HKD)	21.04
DBS Rating	BUY
12-mth Target Price (HKD)	28.30
Market Cap (USDbn)	3.92
Volume (mn shares)	1.42
Dividend yield (%)	6.37
Fwd. P/E (x)	12.65
P/Book (x)	0.30
ROE (%)	1.92

Closing Price as of 28 May 2026
Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance

(normalised)



Source: S&P

DBS

Financial Summary (HKDmn)

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	13,090	19,499	19,568	9,601	19,797
% y/y	*(10.3)*	*49.0*	*0.4*	*(50.9)*	*106.2*
Gross Profit	6,721	6,386	5,658	4,192	7,566
% y/y	*(3.8)*	*(5.0)*	*(11.4)*	*(25.9)*	*80.5*
EBITDA	4,853	4,160	4,391	2,877	6,170
% y/y	*(20.0)*	*(14.3)*	*5.6*	*(34.5)*	*114.4*
Net Profit (Loss)	2,518	2,576	2,008	1,598	3,665
% y/y	*(44.3)*	*2.3*	*(22.1)*	*(20.4)*	*129.4*
FCF	8,984	5,496	11,897	5,303	1,323
% y/y	*269.3*	*(38.8)*	*116.5*	*(55.4)*	*(75.0)*
CAPEX	(370.5)	(702.0)	(3,625)	(400.0)	(400.0)
% y/y	*(10.3)*	*89.5*	*416.4*	*(89.0)*	*0.00*
EBITDA Margin (%)	37.1	21.3	22.4	30.0	31.2
Net Margin (%)	19.2	13.2	10.3	16.6	18.5
ROA (%)	1.2	1.3	1.0	0.8	1.8
ROE (%)	2.3	2.4	1.9	1.5	3.5
Tax Rate (%)	41.8	33.8	45.0	21.6	29.5

Source: DBS

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
PE (x)	12.2	11.9	15.5	19.2	8.4
P/B (x)	0.3	0.3	0.3	0.3	0.3
Dividend Yield (%)	6.4	6.4	6.4	6.4	6.4
EV/EBITDA (x)	17.7	22.2	19.3	28.8	13.2
FCF Yield (%)	10.5	5.9	14.1	6.4	1.6
Net DPS (HKD)	1.4	1.4	1.4	1.4	1.4
BV Per Share (HKD)	73.9	71.3	71.8	72.3	73.9

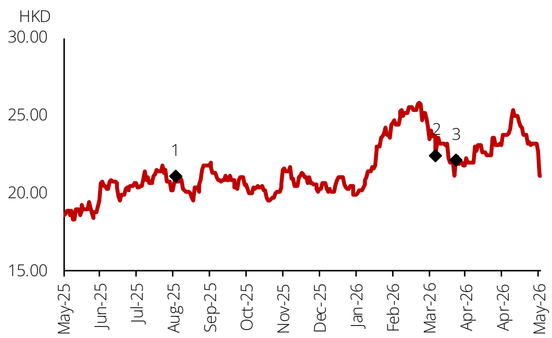
Source: DBS

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (x)	0.5	0.5	0.5	0.4	0.4
Net Debt / Equity (x)	0.3	0.4	0.3	0.3	0.3

Source: DBS

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions

S.No.	Date	Closing Price	Target Price	Rating
1	21-Aug-25	21.14	23.26	BUY
2	9-Mar-26	22.46	28.10	BUY
3	24-Mar-26	22.16	28.30	BUY

Source: DBS

Analysts: Jeff YAU
Percy LEUNG

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FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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**Share price appreciation + dividends*

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