恒隆集團有限公司
HANG LUNG GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00010)

2019 INTERIM RESULTS

CONTENTS

恒隆集團 HANG LUNG GROUP

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

	For the Six Months Ended June 30		
	2019	2018	Change
Revenue	**4,505**	5,457	-17%
Property Leasing	**4,505**	4,425	2%
Property Sales	-	1,032	-100%
Operating Profit	**3,432**	3,902	-12%
Property Leasing	**3,432**	3,337	3%
Property Sales	-	565	-100%
Net Profit Attributable to Shareholders	**3,709**	3,037	22%
Earnings Per Share (HK$)	**$2.72**	$2.23	22%
Interim Dividend Per Share (HK$)	**$0.19**	$0.19	-

UNDERLYING RESULTS

	For the Six Months Ended June 30		
	2019	2018	Change
Underlying Net Profit Attributable to Shareholders	**2,324**	1,459	59%
Property Leasing	**1,456**	1,153	26%
Property Sales	**868**	306	184%
Underlying Earnings Per Share (HK$)	**$1.71**	$1.07	60%

FINANCIAL POSITION

	At June 30 2019	At December 31 2018	Change
Shareholders' Equity	**89,144**	86,447	3%
Net Assets	**153,705**	150,736	2%
Net Debt	**26,754**	18,142	47%
Financial Ratio			
Net Debt to Equity Ratio	**17.4%**	12.0%	5.4 pts
Debt to Equity Ratio	**22.2%**	20.3%	1.9 pts
Shareholders' Equity Per Share (HK$)	**$65.5**	$63.5	3%
Net Assets Per Share (HK$)	**$112.9**	$110.7	2%

恒隆集團 HANG LUNG GROUP

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

The core property leasing business continued its growth momentum with a 2% period-on-period increase in leasing revenue even after taking account of a 6% Renminbi depreciation against the Hong Kong Dollar. With no property sales recognized during the period, total revenue of Hang Lung Group Limited (the Company) and its subsidiaries (the Group) for the six months ended June 30, 2019 decreased 17% to HK$4,505 million, and operating profit declined 12% to HK$3,432 million. Net profit attributable to shareholders rose 22% to HK$3,709 million mainly attributable to the gain on disposal of non-core assets. Earnings per share increased likewise to HK$2.72.

The underlying net profit attributable to shareholders increased 59% to HK$2,324 million when excluding the effects of property revaluation gain.

Revenue and Operating Profit for the Six Months Ended June 30

	Revenue			Operating Profit		
	2019	2018	Change	**2019**	2018	Change
	HK$ Million	HK$ Million		**HK$ Million**	HK$ Million	
Property Leasing	**4,505**	4,425	2%	**3,432**	3,337	3%
Mainland China	**2,409**	2,397	1%	**1,635**	1,602	2%
Hong Kong	**2,096**	2,028	3%	**1,797**	1,735	4%
Property Sales	-	1,032	-100%	-	565	-100%
Total	**4,505**	5,457	-17%	**3,432**	3,902	-12%

DIVIDEND

The Board of Directors has declared an interim dividend of HK19 cents per share for 2019 (2018: HK19 cents) to be paid by cash on September 26, 2019, to shareholders whose names appeared on the register of members on September 13, 2019.

PROPERTY LEASING

The leasing performance of our properties during the first six months of 2019 sustained the solid growth momentum built up since the second half of last year. Total revenue of our leasing properties grew to HK$4,505 million period-on-period. Revenue from our Mainland portfolio increased 7% in RMB terms and that of our Hong Kong portfolio rose 3% comparing to the same period last year. Both the tenant retail sales and our rental turnover were resilient and on a sustainable trend. The performance was promising amid the US-China trade dispute and other global uncertainties.

Mainland China

Revenue of our mainland China leasing portfolio continued to grow. Except for Shanghai Grand Gateway 66 mall which is under a major upgrade program and Wuxi Center 66 office tower, all our mainland properties recorded revenue growth during the first half of 2019. Revenue of the entire portfolio advanced 7% to RMB2,083 million. Operating profit increased 9% to RMB1,414 million. Average margin improved to 68%.

Amidst the short-term rental interruption caused by the large scale renovation at Grand Gateway 66, revenue of our Shanghai properties advanced 4% period-on-period. Properties outside Shanghai achieved a remarkable 14% revenue growth period-on-period and continued the growth momentum with a 7% increment comparing to the second half of last year.

Mainland China Property Leasing Portfolio for the Six Months Ended June 30

City and Name of the Property	**Revenue** (RMB Million)			**Occupancy Rate***	
	2019	2018	Change	Mall	Office
Shanghai Plaza 66	**827**	763	8%	98%	93%
Shanghai Grand Gateway 66	**583**	594	-2%	86%	96%
Shenyang Palace 66	**95**	77	23%	91%	N/A
Shenyang Forum 66	**113**	105	8%	94%	89%
Jinan Parc 66	**158**	141	12%	95%	N/A
Wuxi Center 66	**140**	121	16%	93%	90%
Tianjin Riverside 66	**93**	90	3%	83%	N/A
Dalian Olympia 66	**74**	57	30%	79%	N/A
Total	**2,083**	1,948	7%		
Total in HK$ Million equivalent	***2,409***	*2,397*	*1%*		

* All occupancy rates stated therein were as of June 30, 2019.

- *Malls*

Our eight malls in mainland China collected 8% more revenue to RMB1,479 million in total amount. In Shanghai, our investments in asset enhancement are paying off. Plaza 66 continued to record strong growth in both sales and rental revenue after its renovation completed two years ago. Grand Gateway 66 is expected to repeat the successful experience of Plaza 66 to achieve strong revenue growth with enhanced tenant mix after completion of the upgrading program. Outside Shanghai, all malls achieved growth in both revenue and sales, most in double-digit.

The Shanghai **Plaza 66** mall has firmly established its positioning as the Home to Luxury, and continues to add new and renowned luxury labels and high-end restaurants to its tenant portfolio. As a result, the mall reported double-digit growth in revenue and retail sales at 11% and 15%, respectively. In addition, we have seen more quality tenant collaborations and direct engagements with our customers after the debut launch of HOUSE 66, our nationwide Customer Relationship Management (CRM) program, in September 2018. With our investment and focus on deploying the CRM program, customer loyalty will be further cultivated and both tenant sales and leasing performance will be boosted over time.

Owing to the short-term interruption caused by the major upgrading program commenced in 2017, revenue of the Shanghai **Grand Gateway 66** mall retreated 4% to RMB394 million. The first phase of the upgrade works was completed with the North Building re-opened in September 2018. The renovated area was fully let, with higher rental income, comprising a good mix of young and trend-setting brands, food & beverage tenants, and the renovated cinema. The second phase, covering the bulk of the South Building and its basement, is in full swing and the progress made is on track. The basement has partially re-opened and a variety of new cosmetics brands will be introduced. The works of the second phase are expected to be completed in stages from late 2019.

Benefitting from the increases in both turnover rent and occupancy, the Shenyang **Palace 66** mall recorded 23% rental growth to RMB95 million. Retail sales jumped 29%. Occupancy also rose four points to 91%. Our efforts to introduce more sporting and popular lifestyle fashion brands further reinforce our leading trendy lifestyle mall positioning in Zhongjie and North China. In addition, the kids' zone on the third floor was revamped to inject more family and children's content into the mall.

With our efforts to reshuffle tenants and diversify trade mix continuing, income of the Shenyang **Forum 66** mall rose 3%. More quality food & beverage tenants were introduced, drawing a good reception from shoppers. Retail sales advanced 3%. Some luxury brands making their first landing in Shenyang were also enrolled to set up kiosks on the first floor. Occupancy rate further jumped seven points to 94%.

Revenue of the Jinan **Parc 66** mall increased 12% to RMB158 million mainly attributable to the increase in occupancy rate and positive rental reversions. Retail sales rose 11%. Occupancy rate was up one point to 95%. Through upgrading its tenant portfolio, some international brands were introduced to Jinan for the first time. These brands delivered a good sales performance by successfully satisfying the younger generation's spending appetite. HOUSE 66, following its successful debut in Shanghai Plaza 66, was launched in Parc 66 in December 2018, and the responses from both customers and tenants have been enthusiastic.

The Wuxi **Center 66** mall achieved a remarkable 26% growth in revenue mainly driven by high turnover rent and favorable rental reversions. Retail sales surged 25%. Occupancy rate improved six points to 93%. A brand new premium cinema complex opened in May 2019 in the area that was temporarily closed for the construction of the second office tower. Hang Lung's CRM program HOUSE 66 was also launched at Center 66 in May 2019. We are experiencing a promising trend of luxury brands migration from other venues in Wuxi to Center

66 and expect to see their openings in our mall in the near future.

Income of the Tianjin **Riverside 66** mall increased 3%. Occupancy rate dropped three points to 83% amid tenant reshuffling. Part of the fourth floor is being converted into a theme zone to attract the younger generation and will open this year. Retail sales increased by 2%.

Performance of the Dalian **Olympia 66** mall continued to strengthen. Riding on the business growth of trendy lifestyle and food & beverage tenants, revenue and retail sales jumped 30% and 27%, respectively. Occupancy rate increased four points to 79%. The Phase 2 area of the mall is planned to open by phases from the second quarter of 2020.

- *Offices*

During the first half of 2019, our five office towers at Shanghai Plaza 66, Grand Gateway 66, Shenyang Forum 66 and Wuxi Center 66 generated 4% more in revenue to RMB535 million. Income from all the office towers accounted for 26% of our total mainland China leasing revenue, generating quality foot traffic to the malls as well as robust income for the Group.

Driven by higher occupancy, revenue of **Plaza 66** offices grew 4% to RMB312 million. Average occupancy rate advanced three points to 94% as a result of the effort made on new lettings and the expansion by long-term quality tenants.

The office tower at **Grand Gateway 66** achieved 3% growth in revenue to RMB120 million with high occupancy rate at 96%. The completion of renovation at the North Building of the mall in 2018 has further enhanced the office tower's competitiveness and attracted quality tenants from both multinational corporations and domestic enterprises.

Revenue of the office tower at **Forum 66** increased 11% to RMB63 million. Occupancy rate advanced four points to 89% as the six floors in the high zone of the tower were completed in July 2018. The Conrad Hotel, residing on the top 19 floors of the office tower, is expected to open later this year.

Income of the office tower at **Center 66** decreased 3% to RMB40 million. Occupancy rate slipped one point to 90%. The second tower will be ready for handing over to tenants in the second half of 2019. Pre-leasing activities are underway.

- *Residential and Serviced Apartments*

Revenue of residential and serviced apartments at **Grand Gateway 66** climbed 2%. Occupancy rate was satisfactory at 90%.

Hong Kong

The performance of our Hong Kong leasing properties was stable. Total revenue and operating profit recorded growth of 3% and 4% to HK$2,096 million and HK$1,797 million, respectively. Overall rental margin was 86%.

Hong Kong Property Leasing Portfolio for the Six Months Ended June 30

	Revenue (HK$ Million)			Occupancy Rate*
	2019	2018	Change	
Commercial	**1,207**	1,166	4%	96%
Office and Industrial / Offices	**728**	708	3%	94%
Residential & Serviced Apartments	**161**	154	5%	78%
Total	**2,096**	2,028	3%	

* All occupancy rates stated therein were as of June 30, 2019.

- *Commercial*

With positive rental reversions of our major tenants, revenue of our Hong Kong commercial portfolio increased 4% to HK$1,207 million. Total retail sales advanced 7% period-on-period. Occupancy fell one point to 96%.

Income of the **Causeway Bay portfolio** increased 3%. We are further refining the tenant mix to strengthen Fashion Walk's positioning as a vibrant integrated hub for fashion and lifestyle shopping and experiences. The pop-up store of a luxury beauty brand introduced during the period was well received. We will introduce more beauty and make-up shops, building an appealing beauty cluster at Fashion Walk. Retail sales of the portfolio grew 4%

period-on-period.

Kornhill Plaza in Hong Kong East recorded 4% growth in revenue mainly contributed by the anchor tenants. The property was fully let. Retail sales decreased 2%.

With good sales performance of the tenants, revenues of **Grand Plaza and Gala Place in Mongkok** rose 6%. Both properties were fully let. Total retail sales increased 36%. The Mongkok portfolio continues its efforts to add new healthcare, beauty and lifestyle tenants and enrich its gourmet options to attract style-seekers and the younger generation among locals and tourists.

Benefitting from favorable rental reversions and the opening of the UA Amoy cinema in August 2018, **Amoy Plaza in Kowloon East** achieved revenue growth of 5%. Retail sales rose 2%.

The major renovation at **Peak Galleria** continued. The mall has been closed since October 2018 except two restaurants commenced business in the first half of 2019. This iconic property at The Peak has long been a destination for tourists and local people. It will be re-open by phases from the summer of 2019.

- *Offices*

Revenue from our Hong Kong office portfolio was up 3% to HK$728 million mainly driven by positive rental reversions. Our offices in Central and Mongkok recorded income growth of 5% and 6%, respectively, while revenue from those in Causeway Bay dropped 5%. Overall occupancy rate stayed flat at 94%. The Hong Kong office rental amount accounted for 35% of our total leasing income in Hong Kong.

- *Residential and Serviced Apartments*

Income from our residential and serviced apartments grew 5% to HK$161 million due to higher occupancy at The Summit and Burnside Villa.

PROPERTY SALES

During the first six months of 2019, we sold one semi-detached house at 23-39 Blue Pool Road (2018: three houses). As the sale will be recognized upon completion of legal assignment later this year, no revenue or profit in respect of property sales was recorded in the first half of 2019.

We also disposed of certain non-core investment properties in Hong Kong. During the first six months ended June 30, 2019, a gain on disposal of HK$868 million was included in other income.

In addition, 111 car parking spaces held as investment properties at Laichikok Bay Garden were disposed of during the period. The transaction will be completed in the second half of 2019. These properties were reclassified as assets held for sale as of June 30, 2019, at valuation with reference to the selling price. A gain of HK$69 million was included as part of the fair value gain of properties. Meanwhile, the sale made in 2018 regarding the remaining apartment and car parking spaces at Garden Terrace was completed in April 2019.

PROPERTY REVALUATION

The total value of our investment properties amounted to HK$144,528 million as of June 30, 2019. The value of the Hong Kong portfolio and the mainland China portfolio was HK$68,341 million and HK$76,187 million, respectively. Our investment properties were revalued by Savills, an independent valuer, as of June 30, 2019.

Total revaluation gain of HK$2,039 million (2018: HK$2,532 million), representing a 1% growth in valuation as compared to the value as of December 31, 2018, was recorded in the first half of 2019, mostly atrributable to the gains of our Hong Kong portfolio.

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The total value of investment properties under development was HK$40,335 million. They comprised mainland China projects in Kunming, Wuhan, Hangzhou and the remaining phases of the developments in Shenyang and Wuxi. The portfolio consists of malls, office towers, hotels and serviced apartments.

The construction work at Kunming **Spring City 66** is progressing as planned. Testing and commissioning works are in progress. Covering a total gross floor area of 432,000 square meters, this mixed-use development comprises a world-class mall, a Grade A office tower, serviced apartments, a hotel and car parking spaces. Both the mall and the office tower are expected to open in the second half of this year. About 85% of the mall's area has been leased, and the pre-leasing of the office tower has also made good progress.

The construction of Wuhan **Heartland 66**, a mixed-use commercial project with a total gross floor area of 460,000 square meters, is progressing as planned. This project is expected to be completed in stages starting from 2020. It will house a premier mall, a Grade A office tower, serviced apartments and car parking spaces. Leasing activities for both the mall and office tower have commenced.

The conversion of the top 19 floors of the office tower at Shenyang Forum 66 into a **Conrad Hotel** is close to completion. The hotel is planned to commence operation in the second half of this year. This five-star hotel will have 315 guest rooms and a grand ballroom which can accommodate more than 500 guests. The addition of this hotel will complement the positioning of Forum 66 as the destination of choice for those seeking high-end shopping, entertainment, business and hospitality experiences.

The construction work for the second office tower at Wuxi Center 66 is almost completed. This Grade A office tower, built above the southeastern section of the Center 66 mall, will add 52,000 square meters in gross floor area available for leasing. Leasing activity has commenced and the tower will be ready for handing over to tenants in the second half of 2019.

For the Wuxi Phase Two development, the master layout plan was approved by the government in March 2019. The project includes luxury serviced apartments and a boutique hotel.

The development of Hangzhou **Westlake 66**, a high-end commercial mixed-use complex with a total above-ground gross floor area of 194,100 square meters, has started. It will comprise a world-class mall, office towers and a hotel. During the period, the land was fully paid for and handed over to us. The project is planned for completion in phases from 2024.

The projects mentioned above represented the majority of our capital commitments at the reporting date, amounting to HK$32 billion. They will be completed in phases over a number of years.

In Hong Kong, the entire interests in the Amoycan Industrial Centre in Ngau Tau Kok were consolidated by the Group through the Compulsory Sale for Redevelopment Order. The site is well located near the future East Kowloon Cultural Centre and the Mass Transit Railway. It is planned to be re-developed into residential properties for sale. Also, the Group is embarking on a jointly re-development project with its subsidiary, Hang Lung Properties Limited, at Electric Road in North Point. The project is to develop a commercial and office tower with a gross floor area of 105,000 square feet.

LIQUIDITY AND FINANCIAL RESOURCES

Our major financial management objective is to maintain an appropriate capital structure with a high degree of agility. This is to ensure access to sufficient financial resources for meeting operational needs and capital commitments, and to seize investment opportunities when they arise for sustaining long-term growth. We also strive to establish multiple channels of debt financing for risk mitigation. All financial risk management, including debt re-financing, foreign exchange exposure and interest rate volatility, etc., are centrally managed and controlled at the corporate level.

- *Liquidity and Financing Management*

The cash flow position and funding needs are closely reviewed and monitored to ensure that the Group has a good degree of financial flexibility and liquidity while optimizing net financial costs.

As of June 30, 2019, the Group had total cash and bank balances of HK$7,370 million (December 31, 2018: HK$12,509 million). All the deposits are placed with banks with strong credit ratings and the counterparty risk is monitored on a regular basis.

For debt portfolio management, the Group focuses on mitigating the re-financing, interest rate and foreign exchange risks. An appropriate mix of RMB/HKD/USD borrowings, fixed/floating rate debts, a staggered debt repayment profile and a diversified source of funding are maintained.

As of June 30, 2019, total borrowings of the Group amounted to HK$34,124 million (December 31, 2018: HK$30,651 million), of which about 40% was denominated in RMB. The higher debt balance against last year-end was due to payments for the various projects under development in mainland China and Hong Kong, including the final payment for the remaining 50% land cost of Hangzhou Westlake 66. The following table shows the composition of our debt portfolio:

	At June 30, 2019		At December 31, 2018	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Floating rate HKD bank loans	**8,244**	24.2%	3,653	*11.9%*
Floating rate RMB bank loans	**12,379**	*36.3%*	13,490	*44.0%*
Fixed rate bonds	**13,501**	*39.5%*	13,508	*44.1%*
Denominated in USD	***7,815***	*22.9%*	*7,832*	*25.6%*
Denominated in HKD	***4,552***	*13.3%*	*4,540*	*14.8%*
Denominated in RMB	***1,134***	*3.3%*	*1,136*	*3.7%*
Total borrowings	**34,124**	*100%*	30,651	*100%*

At the reporting date, the average tenor of the entire loan portfolio was 3.2 years (December 31, 2018: 3.3 years). The maturity profile was well staggered and spread over a period of 7 years. Around 68% of the loans was repayable after 2 years.

	At June 30, 2019		At December 31, 2018	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**3,875**	*11.3%*	3,360	*11.0%*
After 1 but within 2 years	**6,954**	*20.4%*	4,057	*13.2%*
After 2 but within 5 years	**21,355**	*62.6%*	19,809	*64.6%*
Over 5 years	**1,940**	*5.7%*	3,425	*11.2%*
Total borrowings	**34,124**	*100%*	30,651	*100%*

As of June 30, 2019, the Group's undrawn committed banking facilities amounted to HK$16,433 million (December 31, 2018: HK$20,984 million). The available balances of the USD3 billion Medium Term Note Program and the RMB10 billion Green Panda Bond Program amounted to USD1,410 million and RMB9,000 million, respectively, equivalent to HK$21,247 million in total (December 31, 2018: HK$21,297 million).

- *Gearing Ratios and Interest Cover*

As of June 30, 2019, the net debt balance of the Group amounted to HK$26,754 million (December 31, 2018: HK$18,142 million). Net debt to equity ratio was 17.4% (December 31, 2018: 12.0%) and debt to equity ratio was 22.2% (December 31, 2018: 20.3%).

For the six months ended June 30, 2019, the total amount of borrowing costs incurred increased by HK$120 million to HK$812 million (2018: HK$692 million). The net amount charged to the statement of profit or loss for the first half of 2019 decreased by HK$527 million to HK$65 million because more borrowing costs were capitalized to the projects under development with additions of construction costs for projects under development, full payment of land premium of Hangzhou Westlake 66 and the adoption of an amendment to the accounting standard on the capitalization of borrowing costs effective on January 1, 2019.

Interest income for the period dropped to HK$104 million (2018: HK$267 million). The decrease was mainly due to the reduction of average deposit balance after settling payments on capital expenditures and the Hangzhou land premium.

The amount of net interest income for the first half of 2019, i.e. the excess of interest income over finance costs, was HK$39 million (2018: net interest expense of HK$325 million). The average effective cost of borrowings during the period was 4.7% (2018: 4.7%) given a portfolio of debts comprising 36% in RMB bank loan, 24% in HKD bank loan, 36% in HKD and USD bonds and 4% in RMB bond.

Interest cover for the first half of 2019 was 6 times (2018: 9 times).

- *Foreign Exchange Management*

The activities of the Group are exposed to foreign currency risks mainly arising from its operations in mainland China and certain bank deposits denominated in RMB held in and relating to mainland China entities. There is also exposure in USD arising from the two

USD500 million bonds issued. Appropriate measures have been taken to mitigate the foreign exchange risk exposure.

The currencies of cash and bank balances at the reporting date were as follows:

	At June 30, 2019		At December 31, 2018	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**4,566**	*62.0%*	4,737	*37.9%*
RMB	**2,789**	37.8%	7,757	*62.0%*
USD	**15**	*0.2%*	15	*0.1%*
Total cash and bank balances	**7,370**	*100%*	12,509	*100%*

(a) RMB Exposure

The RMB exposure of the Group is mainly derived from two aspects of the operations: firstly, currency translation risk arising from the net assets of our Mainland subsidiaries; secondly, the RMB deposits held in and relating to mainland China entities which are primarily for the purpose of settling future construction payments in RMB.

As of June 30, 2019, net assets denominated in RMB accounted for about 59% of the Group's total net assets. The re-translation of these net assets denominated in RMB into HKD using the exchange rate as of the reporting date resulted in a re-translation loss of HK$425 million (2018: HK$784 million), as RMB depreciated by about 0.4% against HKD compared to December 31, 2018. The re-translation loss was recognized in other comprehensive income/exchange reserve.

The Group's business operations and projects under development in mainland China are funded by cash inflows from Mainland operations and RMB borrowings, in addition to capital injections from Hong Kong. We have adopted an enterprise risk management approach to mitigate the currency risks and practiced good discipline of not taking any speculative position on the movement of RMB against HKD. Regular business reviews were made to assess the level of funding needs for our Mainland projects after taking account of various factors such as regulatory constraints, project development timelines and the business environment. Appropriate modifications to our funding plan will be conducted in light of the outcome of the periodic reviews.

(b) USD Exposure

The USD foreign exchange exposure is related to the two USD500 million fixed rate bonds issued, equivalent to HK$7,815 million at the reporting date. The related currency exchange risk was covered back-to-back by two USD/HKD cross currency swap contracts. The swap contracts were entered into in order to effectively fix the exchange rate between USD and HKD for future interest payments and principal repayments.

The changes in the fair value of both swap contracts did not impact on the cash flows and the profit or loss materially as they qualified for cash flow hedge accounting.

- *Charge of Assets*

Assets of the Group were not charged to any third parties as of June 30, 2019.

- *Contingent Liabilities*

The Group did not have any material contingent liabilities as of June 30, 2019.

OUTLOOK

In the absence of any sign of the US-China trade dispute abating, we maintain a cautiously optimistic view that our business would continue to achieve sustainable growth in both Hong Kong and the Mainland. The growth will be fueled by a number of key drivers.

Our established properties are expected to continue delivering solid organic growth and will sustain the momentum. With the implementation of various customer-centric initiatives, including the roll-out of the HOUSE 66 CRM program and adoption of new technologies, we will establish stronger engagement with both our tenants and customers and offer a unique Hang Lung Brand experience, boosting sales and leasing revenue.

Likewise, our investment in asset enhancement programs will also pay off. A rental uplift similar to that at Shanghai Plaza 66 is expected at the Grand Gateway 66 mall upon the progressive completion of its major renovation in the second half of this year.

A number of new properties will commence business in the second half of 2019, including the mall and office tower of Kunming Spring City 66, the second office tower of Wuxi Center 66, and the Conrad Hotel at Shenyang Forum 66. They are important driving forces for future business growth.

Subject to market conditions, we will continue to sell down residential inventory in Hong Kong and recycle capital through disposal of non-core properties.

On the property development side, we have started two re-development projects and will continue to look for opportunities in Hong Kong. On the Mainland, four mixed-use projects have serviced apartment element and are intended for sale. Construction work of luxurious serviced apartments at Wuhan Heartland 66 has been started, while the development at projects in Wuxi, Kunming and Shenyang will commence by phases.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2019 (UNAUDITED)

				For information purpose only	
	Note	**2019 HK$ Million**	2018 HK$ Million	**2019 RMB Million**	2018 RMB Million
Revenue	*2(a)*	**4,505**	5,457	**3,899**	4,436
Direct costs and operating expenses		**(1,073)**	(1,555)	**(928)**	(1,263)
Gross profit		**3,432**	3,902	**2,971**	3,173
Other net income	*3*	**874**	72	**771**	60
Administrative expenses		**(334)**	(329)	**(290)**	(268)
Operating profit before changes in fair value of properties		**3,972**	3,645	**3,452**	2,965
Net increase in fair value of properties		**2,039**	2,532	**1,775**	2,084
Operating profit after changes in fair value of properties		**6,011**	6,177	**5,227**	5,049
Interest income		**104**	267	**90**	218
Finance costs		**(65)**	(592)	**(57)**	(482)
Net interest income/(expense)	*4*	**39**	(325)	**33**	(264)
Share of profits of joint ventures		**124**	273	**108**	223
Profit before taxation	*2(b) & 5*	**6,174**	6,125	**5,368**	5,008
Taxation	*6(a)*	**(734)**	(789)	**(635)**	(642)
Profit for the period		**5,440**	5,336	**4,733**	4,366
Attributable to:					
Shareholders		**3,709**	3,037	**3,231**	2,487
Non-controlling interests		**1,731**	2,299	**1,502**	1,879
		5,440	5,336	**4,733**	4,366
Earnings per share	*8(a)*				
Basic		**HK$2.72**	HK$2.23	**RMB2.37**	RMB1.83
Diluted		**HK$2.72**	HK$2.23	**RMB2.37**	RMB1.83

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2019 (UNAUDITED)

				For information purpose only	
	Note	**2019 HK$ Million**	2018 HK$ Million	**2019 RMB Million**	2018 RMB Million
Profit for the period		**5,440**	5,336	**4,733**	4,366
Other comprehensive income	*6(b)*				
Items that are or may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation to presentation currency		**(425)**	(784)	**63**	602
Movement in hedging reserve:					
Effective portion of changes in fair value		**48**	38	**41**	30
Net amount transferred to profit or loss		**22**	(27)	**20**	(22)
Item that will not be reclassified to profit or loss:					
Net change in fair value of equity investments		**1**	2	**1**	1
		(354)	(771)	**125**	611
Total comprehensive income for the period		**5,086**	4,565	**4,858**	4,977
Total comprehensive income attributable to:					
Shareholders		**3,514**	2,637	**3,309**	2,900
Non-controlling interests		**1,572**	1,928	**1,549**	2,077
		5,086	4,565	**4,858**	4,977

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019

	Note	(Unaudited) June 30, 2019 HK$ Million	(Audited) December 31, 2018 HK$ Million	*For information purpose only* June 30, 2019 RMB Million	December 31, 2018 RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	*9*	**144,528**	144,572	**127,141**	126,818
Investment properties under development	*9*	**40,335**	31,186	**35,481**	27,325
Other property, plant and equipment		**206**	213	**181**	187
		185,069	175,971	**162,803**	154,330
Interest in joint ventures		**4,080**	4,040	**3,589**	3,548
Other assets		**1,450**	1,449	**1,277**	1,273
Deposits with banks		**1,853**	1,853	**1,630**	1,628
Deferred tax assets		**2**	3	**2**	3
		192,454	183,316	**169,301**	160,782
Current assets					
Cash and deposits with banks		**5,517**	10,656	**4,853**	9,350
Trade and other receivables	*10*	**2,328**	2,061	**2,047**	1,807
Properties for sale		**4,357**	2,463	**3,833**	2,163
Assets held for sale	*12*	**110**	101	**97**	89
		12,312	15,281	**10,830**	13,409
Current liabilities					
Bank loans and other borrowings		**3,875**	3,360	**3,409**	2,947
Trade and other payables	*11*	**6,021**	6,411	**5,297**	5,623
Lease liabilities		**24**	22	**21**	19
Current tax payable		**628**	581	**552**	509
Liabilities directly associated with assets held for sale	*12*	**-**	3	**-**	3
		10,548	10,377	**9,279**	9,101
Net current assets		**1,764**	4,904	**1,551**	4,308
Total assets less current liabilities		**194,218**	188,220	**170,852**	165,090
Non-current liabilities					
Bank loans and other borrowings		**30,249**	27,291	**26,610**	23,946
Lease liabilities		**302**	298	**266**	261
Deferred tax liabilities		**9,962**	9,895	**8,763**	8,671
		40,513	37,484	**35,639**	32,878
NET ASSETS		**153,705**	150,736	**135,213**	132,212
Capital and reserves					
Share capital		**4,065**	4,065	**3,164**	3,164
Reserves		**85,079**	82,382	**75,256**	72,662
Shareholders' equity		**89,144**	86,447	**78,420**	75,826
Non-controlling interests		**64,561**	64,289	**56,793**	56,386
TOTAL EQUITY		**153,705**	150,736	**135,213**	132,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The interim results set out in the announcement do not constitute the interim report for the six months ended June 30, 2019 of Hang Lung Group Limited (the "Company") and its subsidiaries (collectively the "Group") but are extracted from the report.

The unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The HKICPA has issued a number of new or amended Hong Kong Financial Reporting Standards (HKFRSs) that are first effective for the current accounting period of the Group. Except for HKFRS 16, *Leases*, and Amendments to HKAS 23, *Borrowing costs*, the adoption of these new or amended HKFRSs does not have significant impact on the Group's interim financial report.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the changes summarized below.

1. Basis of preparation (Continued)

Impact of adoption of HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*.

The key changes to the Group's accounting policies resulting from the adoption of HKFRS 16 are summarized below.

As a lessee
As a lessee, the Group previously classified leases as operating or finance leases under HKAS 17 based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under HKFRS 16, the Group is required to capitalize all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17.

The Group decided to apply recognition exemptions to short-term leases that have a lease term of 12 months or less and leases of low-value assets. For leases of other assets, the Group recognized right-of-use assets and lease liabilities.

As a lessor
HKFRS 16 does not substantially change how a lessor accounts for leases under HKAS 17.

Transition

The Group applied HKFRS 16 with a date of initial application of January 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in the opening balances at January 1, 2019.

1. Basis of preparation (Continued)

Impact of adoption of HKFRS 16, Leases (Continued)

(a) Leases previously classified as operating leases under HKAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17:

- applied the exemption not to recognize right-of-use assets and liabilities for leases with a remaining lease term of less than 12 months as of January 1, 2019; and

- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

(b) Leases previously classified as finance leases under HKAS 17

For leases that were previously classified as finance leases under HKAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date. The accounting caption of "finance lease obligations" is changed to "lease liabilities".

Impacts on the consolidated financial statements

On transition to HKFRS 16, HK$320 million were reclassified from finance lease obligations to lease liabilities, and the Group recognized an additional HK$11 million of right-of-use assets and HK$11 million of lease liabilities. Such right-of-use assets are presented within investment properties. There was no impact on the opening balance of equity.

1. Basis of preparation (Continued)

Annual Improvement to HKFRSs 2015 – 2017 cycles: Amendments to HKAS 23, Borrowing costs

The Amendments to HKAS 23 clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or any non-qualifying assets, are included in that general pool.

Impacts on the consolidated financial statements

In accordance with the transitional provisions, the Group has applied those amendments to borrowing costs incurred on or after January 1, 2019, the date of initial application. Consequently, additional borrowing costs of HK$323 million were capitalized to properties under development for the six months ended June 30, 2019.

However, the additional capitalization neither impacted the overall profit for the period nor carrying value of properties under development which are stated at fair value.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared on the same basis as 2018 as if the presentation currency is Renminbi.

The financial information relating to the financial year ended December 31, 2018 included in this announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

1. Basis of preparation (Continued)

The Company has delivered the financial statements for the year ended December 31, 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. Revenue and segment information

The Group manages its businesses according to the nature of services and products provided. Management has determined three reportable operating segments for the measurement of performance and the allocation of resources. The segments are property leasing in mainland China, property leasing in Hong Kong and property sales in Hong Kong.

Property leasing segments include property leasing operation. The Group's investment properties portfolio, which mainly consists of retail, office, residential, serviced apartments and carparks, are primarily located in mainland China and Hong Kong. Property sales segment includes development and sale of the Group's trading properties in Hong Kong.

Management evaluates performance primarily based on profit before taxation.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interest in joint ventures, other assets, deferred tax assets, cash and deposits with banks and assets held for sale. The investment properties of the Group are included in segment assets at their fair values whilst the changes in fair value of properties are not included in segment profits. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

2. Revenue and segment information (Continued)

(a) Disaggregation of revenue

Revenue for the six months ended June 30, 2019 is analyzed as follows:

	2019	2018
	HK$ Million	HK$ Million
Under the scope of HKFRS 16 (2018: HKAS 17), *Leases*:		
Rental income	**4,033**	3,934
Under the scope of HKFRS 15, *Revenue from contracts with customers*:		
Sales of completed properties	-	1,032
Building management fees and other rental related income	**472**	491
	472	1,523
	4,505	5,457

2. Revenue and segment information (Continued)

(b) Revenue and results by segments

	Revenue		Profit before taxation	
	2019	2018	**2019**	2018
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Segment				
Property leasing				
- Mainland China	**2,409**	2,397	**1,635**	1,602
- Hong Kong	**2,096**	2,028	**1,797**	1,735
	4,505	4,425	**3,432**	3,337
Property sales				
- Hong Kong	**-**	1,032	**-**	565
Segment total	**4,505**	5,457	**3,432**	3,902
Other net income			**874**	72
Administrative expenses			**(334)**	(329)
Operating profit before changes in fair value of properties			**3,972**	3,645
Net increase in fair value of properties			**2,039**	2,532
- Property leasing in Hong Kong			**1,932**	2,292
- Property leasing in mainland China			**(359)**	240
- Upon transfer from completed properties for sale in Hong Kong to investment properties			**466**	-
Net interest income/(expense)			**39**	(325)
- Interest income			**104**	267
- Finance costs			**(65)**	(592)
Share of profits of joint ventures			**124**	273
Profit before taxation			**6,174**	6,125

2. Revenue and segment information (Continued)

(c) Total assets by segments

	Total assets	
	June 30, 2019 HK$ Million	December 31, 2018 HK$ Million
Segment		
Property leasing		
- Mainland China	**118,386**	109,121
- Hong Kong	**69,010**	68,910
	187,396	178,031
Property sales		
- Hong Kong	**4,358**	2,464
Segment total	**191,754**	180,495
Interest in joint ventures	**4,080**	4,040
Other assets	**1,450**	1,449
Deferred tax assets	**2**	3
Cash and deposits with banks	**7,370**	12,509
Assets held for sale	**110**	101
Total assets	**204,766**	198,597

3. Other net income

	2019 HK$ Million	2018 HK$ Million
Gain on disposal of subsidiaries	**868**	-
Ineffectiveness on cash flow hedges	**1**	-
Gain on disposal of investment properties	-	45
Gain on disposal of assets held for sale	-	27
Others	**5**	-
	874	72

4. Net interest income/(expense)

	2019 HK$ Million	2018 HK$ Million
Interest income on bank deposits	**104**	267
Interest expense on bank loans and other borrowings	**766**	654
Interest expense on lease liabilities	**8**	8
Other borrowing costs	**38**	30
Total borrowing costs	**812**	692
Less: Borrowing costs capitalized	**(747)**	(100)
Finance costs	**65**	592
Net interest income/(expense)	**39**	(325)

5. Profit before taxation

	2019 HK$ Million	2018 HK$ Million
Profit before taxation is arrived at after charging:		
Cost of properties sold	-	350
Staff costs (Note)	**679**	676
Depreciation	**22**	22

Note: The staff costs included employee share-based payments of HK$26 million (2018: HK$34 million). If the amounts not recognized in the statement of profit or loss, such as amounts capitalized to investment properties under development, were accounted for, staff costs would have been HK$824 million (2018: HK$799 million).

6. Taxation

(a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the period. Mainland China Income Tax mainly represents mainland China Corporate Income Tax calculated at 25% (2018: 25%) and mainland China withholding income tax calculated at the applicable rates. A withholding tax of 5% is levied on the Hong Kong companies in respect of dividend distributions arising from profits of foreign investment enterprises in mainland China earned after January 1, 2008.

	2019	2018
	HK$ Million	HK$ Million
Current tax		
Hong Kong Profits Tax	**269**	291
Mainland China Income Tax	**353**	415
Total current tax	**622**	706
Deferred tax		
Changes in fair value of properties	**41**	66
Other origination and reversal of temporary differences	**71**	17
Total deferred tax	**112**	83
Total income tax expense	**734**	789

(b) There is no tax effect relating to the components of the other comprehensive income for the period.

7. Dividends

(a) Interim dividend

	2019	2018
	HK$ Million	HK$ Million
Proposed after the end of reporting period:		
HK19 cents (2018: HK19 cents) per share	**258**	258

The dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(b) Final dividend approved and paid during six months ended June 30, 2019

	2019	2018
	HK$ Million	HK$ Million
2018 Final dividend of HK61 cents (2017: HK61 cents) per share	**831**	831

8. Earnings per share

(a) The calculation of basic and diluted earnings per share is based on the following data:

	2019	2018
	HK$ Million	HK$ Million
Earnings used in calculating basic and diluted earnings per share (net profit attributable to shareholders)	**3,709**	3,037

	Number of shares	
	2019	2018
Weighted average number of shares used in calculating basic and diluted earnings per share (Note)	**1,361,618,242**	1,361,618,242

Note: Diluted earnings per share were the same as the basic earnings per share for the periods as there were no dilutive potential ordinary shares in existence during both periods.

8. Earnings per share (Continued)

(b) The underlying net profit attributable to shareholders, which excluded changes in fair value of properties net of related income tax and non-controlling interests, is calculated as follows:

	2019	2018
	HK$ Million	HK$ Million
Net profit attributable to shareholders	**3,709**	3,037
Effect of changes in fair value of properties	**(2,039)**	(2,532)
Effect of corresponding income tax	**108**	66
Effect of changes in fair value of investment properties of joint ventures	**(56)**	(198)
	(1,987)	(2,664)
Non-controlling interests	**602**	1,086
	(1,385)	(1,578)
Underlying net profit attributable to shareholders	**2,324**	1,459

The earnings per share based on underlying net profit attributable to shareholders were:

	2019	2018
Basic	**HK$1.71**	HK$1.07
Diluted	**HK$1.71**	HK$1.07

9. Investment properties and investment properties under development

(a) Additions

During the six months ended June 30, 2019, additions to investment properties and investment properties under development amounted to HK$9,934 million (2018: HK$4,954 million). The additions included the final payment to Hangzhou Land Resources Bureau for acquiring the land in Xiacheng District, Hangzhou, Zhejiang Province, PRC.

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of June 30, 2019 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

10. Trade and other receivables

(a) Included in trade and other receivables are trade receivables (based on the due date) with the following aging analysis:

	June 30, 2019 HK$ Million	December 31, 2018 HK$ Million
Not past due or less than 1 month past due	**16**	14
1 - 3 months past due	**4**	5
More than 3 months past due	**2**	2
	22	21

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk. Given the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is therefore insignificant.

10. Trade and other receivables (Continued)

(b) Included in other receivables of the Group is a deposit of land acquisition in mainland China of HK$284 million (December 31, 2018: HK$285 million).

11. Trade and other payables

Included in trade and other payables are trade creditors with the following aging analysis:

	June 30, 2019 HK$ Million	December 31, 2018 HK$ Million
Due within 3 months	**1,870**	1,992
Due after 3 months	**681**	866
	2,551	2,858

12. Assets held for sale

On June 26, 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of all the car parking spaces held at Laichikok Bay Garden in Hong Kong. Accordingly, the relevant assets are presented as assets held for sale. The completion of the transaction is scheduled to take place in September 2019.

12. Assets held for sale (Continued)

	June 30, 2019 HK$ Million	December 31, 2018 HK$ Million
Investment properties	**110**	101
Deferred tax liabilities	**-**	3

The balance at December 31, 2018 represented:

(a) a disposal group relating to the residential unit and several car parking spaces at Garden Terrace in Hong Kong which were disposed of in April 2019; and

(b) an investment property of a car parking space at The Long Beach in Hong Kong which was disposed of in February 2019.

OTHER INFORMATION

Employees

As of June 30, 2019, the number of employees was 4,636 (comprising 1,128 Hong Kong employees and 3,508 mainland China employees). The total employee costs for the six months ended June 30, 2019, amounted to HK$824 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review the remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Group has share option schemes for the employees and provides professional and high-quality training for all employees.

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Compliance with Corporate Governance Code

During the six months ended June 30, 2019, the Company complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Review of Interim Results

The interim results for the six months ended June 30, 2019, have been reviewed by the Company's Audit Committee and auditor, KPMG.

Book Close Dates

Book close dates (both days inclusive)	September 12 to 13, 2019
Latest time to lodge transfers	4:30 pm on September 11, 2019
Record date for interim dividend	September 13, 2019
Payment date for interim dividend	September 26, 2019

On Behalf of the Board
Ronnie C. Chan
Chairman

Hong Kong, July 30, 2019

As of the date of this announcement, the board of directors of the Company comprises the following directors:
Executive Directors: Mr. Ronnie C. CHAN, Mr. Weber W.P. LO, Mr. H.C. HO and Mr. Adriel W. CHAN
Non-Executive Directors: Mr. Gerald L. CHAN, Mr. George K.K. CHANG and Mr. Roy Y.C. CHEN
Independent Non-Executive Directors: Mr. Simon S.O. IP, Prof. P.W. LIU, Prof. L.C. TSUI and Mr. Martin C.K. LIAO

GLOSSARY

Financial Terms

Finance costs: Total of interest expense on total borrowings and other borrowing costs, net of amount capitalized

Total borrowings: Total of bank loans and other borrowings, net of unamortized other borrowing costs

Net debt: Total borrowings net of cash and deposits with banks

Net profit attributable to shareholders: Profit for the period (after tax) less amounts attributable to non-controlling interests

Underlying net profit attributable to shareholders: Net profit attributable to shareholders excluding changes in fair value of properties net of related income tax and non-controlling interests

Financial Ratios

$$\text{Basic earnings per share} = \frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Debt to equity} = \frac{\text{Total borrowings}}{\text{Total equity}}$$

$$\text{Net assets per share} = \frac{\text{Net assets}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Net debt to equity} = \frac{\text{Net debt}}{\text{Total equity}}$$

$$\text{Interest cover} = \frac{\text{Operating profit before changes in fair value of properties}}{\text{Finance costs before capitalization less interest income}}$$