



**FORTUNE**  
置富產業信託 **REIT**

Stock Code | Hong Kong 778 | Singapore F25U  
股份代號 | 香港 778 | 新加坡 F25U



**JOURNEY THROUGH  
FORTUNE MALLS**  
**心繫社區 置富之旅**

**INTERIM REPORT**  
**2019 中期報告**



# CONTENTS

- 2** Financial Highlights
- 4** Three Growth Strategies
- 6** Management Discussion and Analysis
- 12** Corporate Governance
- 16** Connected Party Transactions
- 20** Disclosure of Interests
- 23** Other Information
- 24** Corporate Information
- 25** Report on Review of Condensed Consolidated Financial Statements
- 27** Financial Statements
- 56** Performance Table
- 57** Portfolio Map & Summary



## ABOUT FORTUNE REIT

Fortune Real Estate Investment Trust (“**Fortune REIT**”) is a real estate investment trust constituted by a trust deed (the “**Trust Deed**”) entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, as the manager of Fortune REIT (the “**Manager**”), and HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Fortune REIT (the “**Trustee**”).

Fortune REIT is primary listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and secondary listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Fortune REIT is Asia’s first cross-border REIT and also the first REIT to hold assets in Hong Kong. Fortune REIT held a portfolio of 16 private housing estate retail properties in Hong Kong comprising of 3.0 million square feet (“**Sq.ft.**”) of retail space and 2,713 carparking spaces.

## ABOUT THE MANAGER

Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA Asset Management Limited (“**ARA**”), a premier global integrated real assets fund manager driven by a vision to be the best-in-class real assets fund management company.

## OUR MISSION

The Manager’s key objective is to deliver regular and stable returns to holders of Fortune REIT units (“**Unitholders**”) through proactive management of Fortune REIT’s portfolio of assets and acquiring properties that generate long term benefits to Unitholders.



# FINANCIAL HIGHLIGHTS



## REVENUE

(HK\$ million)

-0.4%

**978.1**  
Six months ended  
30 June 2018

**974.3**  
Six months ended  
30 June 2019

## NET PROPERTY INCOME

(HK\$ million)

+0.0%

**748.6**  
Six months ended  
30 June 2018

**748.7**  
Six months ended  
30 June 2019

	Six months ended 30 June 2019	Six months ended 30 June 2018	% change
Revenue (HK\$ million)	<b>974.3</b>	978.1	-0.4%
Net property income (HK\$ million)	<b>748.7</b>	748.6	+0.0%
Cost-to-revenue ratio	<b>20.8%</b>	21.1%	-0.3%
Income available for distribution (HK\$ million)	<b>505.5</b>	505.2	+0.1%
Distribution per unit ("DPU") (HK cents)	<b>26.13</b>	26.34	-0.8%

## FINANCIAL HIGHLIGHTS

### NET ASSET VALUE PER UNIT (HK\$)



### PROPERTY VALUATION (HK\$ million)



	As at 30 June 2019	As at 31 December 2018	% change
Net asset value per unit (HK\$)	16.85	16.61	+1.4%
Property valuation (HK\$ million)	42,727	42,000	+1.7%
Gearing ratio/Aggregate leverage <sup>(1)</sup>	20.5%	20.9%	-0.4%

Note:

- Gearing ratio is defined as total borrowings as a percentage of gross assets. Aggregate leverage is defined as the value of total borrowings and deferred payments as a percentage of gross assets. As at 30 June 2019, there was no deferred payment.

## THREE GROWTH STRATEGIES

### YIELD-ACCRETIVE ACQUISITION

Established in 2003, Fortune REIT has been growing from strength to strength by acquiring 11 properties over the past 15 years. Portfolio valuation increased significantly by more than 11 times to currently HK\$42.7 billion.

We will continue to expand our portfolio prudently with an aim to deliver attractive returns to Unitholders.





## **ASSET ENHANCEMENT INITIATIVES (“AEIs”)**

Asset enhancement has been a key driver for our business growth over the years. Commencing in June 2018, the HK\$150 million renovation at the West Block of Fortune Kingswood is expected to be completed by end of 2019. Leasing response has been encouraging so far, with more than 90% of the West Block already committed.

## **ACTIVE LEASING MANAGEMENT**

Driven by some successful tenant repositioning, we have introduced some quality and new tenants in the first half of 2019. Portfolio occupancy rebounded to 97.4% as at 30 June 2019 with a notable improvement from 93.1% at the end of 2018. Tenant retention rate was high at 74.8%, demonstrating Fortune Malls as tenants’ preferred choice of business location.

# MANAGEMENT DISCUSSION AND ANALYSIS



## FINANCIAL REVIEW

Fortune REIT recorded a revenue of HK\$974.3 million for the six months ended 30 June 2019 (the “**Reporting Period**”), decreased by 0.4% year-on-year mainly attributed to the loss of income contribution from the Provident Square after its disposal in February 2018, transitional vacancies from Fortune Kingswood AEs that commenced in June 2018 as well as a lower average portfolio occupancy compared with the same period last year. Nevertheless, positive rental reversion and higher car park income during the Reporting Period continued to contribute to organic growth. Excluding the impact from the Provident Square disposal and AEs at Fortune Kingswood, revenue and net property income would have increased by 0.7% and 1.1% year-on-year on a like-for-like basis.

Thanks to a more efficient operation, net property income maintained at HK\$748.7 million for the Reporting Period. Total property operating expenses (excluding the Manager’s performance fee) was HK\$202.4 million, decreased by 1.9% year-on-year. Stringent cost control and disposal of Provident Square have led to lower building management expenses. Cost-to-revenue ratio was 20.8% for the Reporting Period (first half of 2018: 21.1%).

Finance costs (excluding change in fair value of derivative financial instruments) decreased by 2.6% year-on-year to HK\$128.4 million. The average Hong Kong Inter-Bank Offered Rate during the Reporting Period was higher compared with the same period last year, thus increasing the interest cost on the floating portion of debt. Such negative impact was however more than offset by the interest savings resulting from the HK\$1.95 billion loan repayments over the course of 2018. The effective borrowing cost for the Reporting Period was 3.02% (first half of 2018: 2.72%) over a reduced amount of total debt.





## MANAGEMENT DISCUSSION AND ANALYSIS

Income available for distribution for the Reporting Period was HK\$505.5 million, representing a year-on-year increase of 0.1%. The DPU for the Reporting Period was 26.13 HK cents (first half of 2018: 26.34 HK cents). Based on the closing unit price of HK\$10.74 as at 28 June 2019 in Hong Kong, the DPU implied an annualised distribution yield of 4.9%.

The interim DPU of 26.13 HK cents for the six months ended 30 June 2019 will be paid on 29 August 2019 to Unitholders on the registers of Unitholders of Fortune REIT as at 14 August 2019.

### CAPITAL MANAGEMENT

Against external challenges, Fortune REIT remained prudent in capital management. In view of certain interest rate hedging contracts expiring in 2019, additional interest rate swaps were entered during the Reporting Period to maintain an appropriate level of protection against interest rate fluctuations. As at 30 June 2019, interest cost for approximately 59% (31 December 2018: 57%) of Fortune REIT's outstanding debts were hedged through interest rate swaps.

As at 30 June 2019, Fortune REIT's total committed loan facilities amounted to HK\$9,205.1 million (31 December 2018: HK\$9,205.1 million). Gearing ratio and aggregate leverage decreased to 20.5% (31 December 2018: 20.9%) due to lower borrowing level and a higher property valuation. Fortune REIT's gross liability as a percentage of its gross assets decreased to 24.8% as at 30 June 2019 (31 December 2018: 24.9%).





Fortune REIT has obtained both secured and unsecured loan facilities. It possesses good financial flexibility, given that 15 of its 16 investment properties are unencumbered. As at 30 June 2019, approximately 80% of total committed debts were unsecured. The only secured loan facility is secured over Ma On Shan Plaza which carried a fair value of HK\$6,196 million as at 30 June 2019. The Trustee has provided guarantees for all loan facilities.

Fortune REIT currently possesses sufficient financial capability to satisfy its financial commitment and working capital requirements. As at 30 June 2019, available liquidity stood at HK\$1,240.1 million (31 December 2018: HK\$1,242.9 million), comprising committed but undrawn facilities of HK\$700.0 million (31 December 2018: HK\$700.0 million) and cash and deposits of HK\$540.1 million (31 December 2018: HK\$542.9 million).

Net asset value per unit amounted to HK\$16.85 as at 30 June 2019, up 1.4% from HK\$16.61 at the end of 2018.

## PORTFOLIO VALUATION

Fortune REIT's portfolio of 16 retail properties was appraised at HK\$42,727 million as at 30 June 2019, increasing by 4.8% and 1.7% from the valuation as at 30 June 2018 and 31 December 2018 respectively. Jones Lang LaSalle Limited, the principal valuer, has adopted the valuation methodology of income capitalisation approach and cross-referenced with direct comparison approach. The average capitalisation rate remained the same at 4.3%. The higher valuation has resulted in a revaluation gain of HK\$641.3 million for the Reporting Period.





## MANAGEMENT DISCUSSION AND ANALYSIS

### PORTFOLIO HIGHLIGHTS

As at 30 June 2019, Fortune REIT owns a geographically diverse portfolio of 16 retail malls and properties in Hong Kong, comprising approximately 3.0 million Sq.ft. of retail space and 2,713 car parking lots.

Property	Gross Rentable Area ("GRA") (Sq.ft.)	Valuation (HK\$ million)	Occupancy	No. of car parking lots
Fortune City One	414,469	8,811	99.0%	653
Fortune Kingswood	665,244	8,764	95.6%	622
Ma On Shan Plaza	310,084	6,196	99.0%	290
Metro Town	180,822	3,960	99.8%	74
Fortune Metropolis	332,168	2,829	90.8%	179
Laguna Plaza	163,203	2,697	99.7%	150
Belvedere Square	276,862	2,680	99.4%	329
Waldorf Avenue	80,842	1,847	100%	73
Caribbean Square	63,018	1,304	100%	117
Jubilee Square	170,616	1,002	98.3%	97
Smartland	123,544	822	96.0%	67
Tsing Yi Square	78,836	813	100%	27
Centre de Laguna	43,000	344	100%	N.A
Hampton Loft	74,734	315	100%	35
Lido Avenue	9,836	209	100%	N.A
Rhine Avenue	14,604	134	100%	N.A
<b>Total / Overall average</b>	<b>3,001,882</b>	<b>42,727</b>	<b>97.4%</b>	<b>2,713</b>



## BUSINESS REVIEW

Despite a soft consumer sentiment in Hong Kong, the operating performance of Fortune Malls has generally been steady during the Reporting Period. Portfolio occupancy reached 97.4% as at 30 June 2019, a notable improvement from 93.1% at the end of 2018. Rental reversion has seen a moderation for renewals during the Reporting Period but nevertheless registered a healthy 7.8%. Tenant retention rate for the Reporting Period was high at 74.8%, demonstrating Fortune Malls as tenants' preferred choice of business location.

The positive leasing results in three of our major malls led to the overall improvement in portfolio occupancy during the Reporting Period. At Ma On Shan Plaza, the repositioning and subdivision of a fitness centre has been completed in March 2019 and received an overwhelming pre-commitment. Occupancy rebounded to 99.0% as at 30 June 2019 (31 December 2018: 92.2%), as new tenants including specialty restaurants and a beauty salon have started business. At Fortune Metropolis, occupancy recovered to 90.8% as at 30 June 2019 (31 December 2018: 73.1%) as we successfully attracted several new tenants including a jewelry retailer as an anchor along with some eateries. Moreover, thanks to good leasing response for the AEIs at the West Block of Fortune Kingswood, its occupancy has improved to 95.6% as at 30 June 2019 (31 December 2018: 88.4%). Although most of these new tenants came in the later part of the Reporting Period, these rental uplifts will be fully reflected in the second half of 2019.

Fortune Malls' well-diversified trade mix with a strong focus on daily necessities has carried us through different economic cycles over the years. As at 30 June 2019, tenants in the non-discretionary retail sectors such as food and beverages, supermarkets as well as services and education altogether accounted for approximately 70% of total GRA. These sectors would remain as the anchor to sustain Fortune REIT's resilience over the long term.

## AEIs AT FORTUNE KINGSWOOD WITH GOOD LEASING COMMITMENT SO FAR

Over the years, we have demonstrated our strength in adding value to Fortune Malls through many successful AEIs. The most recent endeavor is the HK\$150 million renovation project at the West Block of Fortune Kingswood. Commencing





## MANAGEMENT DISCUSSION AND ANALYSIS

in June 2018, this three-phased AEIs project is in its final phase and slated for completion in the second half of 2019. Leasing response has been encouraging with more than 90% of the West Block already committed so far. Expanded food and beverage offerings, a newly created education zone featuring quality operators as well as a greater variety of household products will inevitably strengthen the West Block as the leading shopping destination in Tin Shui Wai. We look forward to delighting shoppers with a modernized ambience, upgraded amenities and more exciting offerings.

### OUTLOOK

Hong Kong's economic growth slowed down to a modest 0.6% year-on-year for the first quarter of 2019, with private consumption expenditure expanded only marginally. Hong Kong total retail sales value decreased by 1.8% for the first five months of 2019, with luxury spending taking a hit from cautious consumer sentiment amidst various external uncertainties. That said, non-discretionary spending has been well supported by a tight job market and rising income, with categories such as supermarket, food as well as furniture and fixtures registering a modest growth for the first five months of 2019.

Against the backdrop of unresolved trade and political friction, global economic outlook remains cloudy. Nonetheless, many governments around the globe are keeping up their efforts in stimulus measures to support their economies in this time of instability. The US Federal Reserve has also turned to a growth-friendly approach towards interest rate adjustments. The Manager will closely monitor whether the recent protests in Hong Kong would impact our malls' business. Nevertheless, Fortune Malls are private housing estate retail properties catering mainly for non-discretionary spending and tend to be relatively resilient.

Our proactive approach in asset management, upgrading our malls through AEIs, as well as yield-accretive acquisitions have all contributed to Fortune REIT's success in the past 15 years. With a robust balance sheet and a prudent capital management in place, Fortune REIT will continue with these three proven strategies in generating steady returns to our Unitholders.



# CORPORATE GOVERNANCE



With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Fortune REIT in a transparent manner with built-in checks and balances. The Manager has adopted a compliance manual (the “**Compliance Manual**”), which sets out the key processes, systems, measures and certain corporate governance policies and procedures applicable for governing the management and operation of Fortune REIT, to comply with the applicable Hong Kong regulations and legislation.

Fortune REIT is a real estate investment trust primary listed on the SEHK and secondary listed on the SGX-ST. Fortune REIT and/or the Manager are subject to the applicable laws, rules and regulations in Hong Kong and Singapore, including the code provisions set out in the Corporate Governance Code (the “**CG Code**”) of the Rules Governing the Listing of Securities on the SEHK (the “**Hong Kong Listing Rules**”) (where applicable) and the Singapore Code of Corporate Governance 2018 (the “**Singapore Code**”).

The Manager confirms that it has in material terms complied with the provisions of the Compliance Manual and has adhered to the principles and guidelines set out in the CG Code and the Singapore Code which are applicable to Fortune REIT and/or the Manager throughout the Reporting Period.

During the Reporting Period, the Compliance Manual had been amended to update the criteria for independence of Independent Non-Executive Directors pursuant to the latest requirements under the Hong Kong Listing Rules.





### BOARD OF DIRECTORS OF THE MANAGER

The board of directors of the Manager (the “**Board**”) is responsible for corporate governance and the overall management of the Manager including establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of the performance of directors of the Manager (the “**Directors**”). The Board has established a framework for the management of Fortune REIT and the Manager, including a system of internal controls and business risk management processes.

The Board meets regularly to review the Manager’s key activities. Board meetings are held once every quarter (or more often if necessary) to discuss and review the strategies and policies of Fortune REIT, including any significant acquisitions and disposals, annual budget, financial performance of Fortune REIT and to approve the release of the financial results. The Board also reviews the risks to Fortune REIT’s assets, and acts upon any comments from the auditors of Fortune REIT (the “**Auditors**”). Ad-hoc Board meetings will be held, as and when necessary, to address significant transactions or issues that may arise in between scheduled meetings. In lieu of physical meetings, written resolutions may also be circulated for approval by the Board.





As at 30 June 2019, the Board comprised nine members, eight of whom are Non-Executive Directors (“**NEDs**”). Four of the NEDs are Independent Non-Executive Directors (“**INEDs**”). The positions of Chairman and Chief Executive Officer are held by two different persons in order to maintain an effective segregation of duties.

The Board has established an Audit Committee, a Disclosures Committee and a Designated Committee with clear terms of reference to assist it in discharging its responsibilities.

- The role of the Audit Committee is to, among other things, safeguard the assets of the Manager and Fortune REIT, assist the Board with discharging its responsibility in maintaining adequate accounting records, develop, maintain and review the effectiveness of the financial reporting systems, internal control and risk management systems and the internal audit function, ensure integrity of financial statements and provide arrangements whereby concerns on financial improprieties or other matters raised by “whistle-blowers” are investigated and appropriate follow up actions are taken. The Audit Committee also, among other things, monitors the procedures established to regulate transactions with “connected person” (as defined in the Code on Real Estate Investment Trusts (the “**REIT Code**”)).
- The role of the Disclosures Committee is to assist the Board in reviewing matters relating to the disclosure of information to the Unitholders and public announcements.
- The role of the Designated Committee is to assist the Board in reviewing matters relating to hedging strategies, financing and refinancing arrangements and transactions involving derivative instruments for hedging purposes.

### INTERESTS OF, AND DEALINGS IN UNITS BY DIRECTORS, THE MANAGER OR THE SIGNIFICANT UNITHOLDERS

The Manager has adopted the Code Governing Dealings in Units by Directors or the Manager (the “**Units Dealing Code**”) governing dealings in the securities of Fortune REIT by the Directors, the Manager and senior executives, officers or other employees of the Manager (collectively, the “**Management Persons**”) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Hong Kong Listing Rules. Specific enquiry has been made with the Management Persons, who confirmed that they have complied with the required standard set out in the Units Dealing Code during the Reporting Period.



### COMMUNICATION BETWEEN FORTUNE REIT'S HONG KONG AND SINGAPORE OFFICES

As the management and operations of Fortune REIT are overseen and conducted by the Manager's management teams and staff located in Hong Kong and Singapore, the Manager will ensure that both offices work as a fully integrated team and communicate regularly and work closely together in meeting the investment objectives of Fortune REIT.

### CHANGES OF DIRECTORS' INFORMATION

Subsequent to publication of the Annual Report 2018 of Fortune REIT, the Manager received notifications regarding the following changes of Directors' information during the Reporting Period:

- Dr. Chiu Kwok Hung, Justin has been appointed as a member of the Singapore Management University's International Advisory Council in China and an Adjunct Professor in the School of Business of Hong Kong Baptist University.
- Mr. Lim Hwee Chiang ceased to be Director of Chinese Chamber Realty Private Limited and Director of The Financial Board of the Singapore Chinese Chamber of Commerce both with effect from 28 March 2019. He also ceased to be Chairman of APM Property Management Pte. Ltd. with effect from 1 May 2019.
- Ms. Eirene Yeung ceased as a member of the SFC (HKEC Listing) Committee of the Securities and Futures Commission of Hong Kong in April 2019 after completion of the full term.
- Ms. Cheng Ai Phing has been appointed as Independent Director of KBS US Prime Property Management Pte. Ltd. (the manager of Prime US REIT which is listed in Singapore) with effect from 28 June 2019. She has also acted as Chairman of The Singapore Accounting Standard Council – Financial Instruments Working Group, of which she was a member previously.

### REVIEW OF INTERIM REPORT

The interim report of Fortune REIT for the Reporting Period has been reviewed by the Audit Committee and the Disclosures Committee of the Manager. The interim financial statements have also been reviewed by the Auditors, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board.

# CONNECTED PARTY TRANSACTIONS



Set out below is the information in respect of the connected party transactions involving Fortune REIT and its connected persons as defined in paragraph 8.1 of the REIT Code:

## CONNECTED PARTY TRANSACTIONS – INCOME

Save as disclosed under the section headed “Connected Party Transactions with the Trustee Connected Persons”, the following tables sets forth information on all connected party transactions from which Fortune REIT derived its income during the Reporting Period:

Name of Connected Party	Relationship with Fortune REIT	Nature of the Connected Party Transaction	Income for the six months ended 30 June 2019 HK\$'000	Rental deposit received as at 30 June 2019 HK\$'000
ARA Asset Management (Fortune) Limited	Manager	Leasing transactions	2,629	1,463
A.S. Watson Retail (HK) Limited	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transactions	18,132	2,048
BIGBOXX.com Limited	Associated company of a significant holder <sup>1</sup>	Leasing transactions	1,231	7
Cheung Kong Property Development Limited	Associate of a significant holder <sup>1</sup>	Leasing and licensing transactions	9,088	–
Citybase Property Management Limited	Associate of a significant holder <sup>1</sup>	Leasing transactions	1,144	638
Hutchison International Limited	Associated company of a significant holder <sup>1</sup>	Leasing transactions	1,624	–
Hutchison Telephone Company Limited	Associated company of a significant holder <sup>1</sup>	Licensing transactions	4,665	1,614
Hutchison Telecommunication Services Limited	Associated company of a significant holder <sup>1</sup>	Licensing transactions	12	–
PARKnSHOP (HK) Limited	Associated company of a significant holder <sup>1</sup>	Leasing and licensing transactions	72,819	11,060
Sino China Enterprises Limited	Associate of a significant holder <sup>1</sup>	Licensing transactions	10	5
Towerich Limited	Associate of a significant holder <sup>1</sup>	Licensing transactions	36	20
<b>Total</b>			<b>111,390</b>	<b>16,855</b>

Note:

1. Significant holder being Focus Eagle Investments Limited (“Focus Eagle”).



## CONNECTED PARTY TRANSACTIONS

### CONNECTED PARTY TRANSACTIONS – EXPENSES

The following table sets forth information in relation to property management arrangements, third party services and other operational transactions provided by the connected parties for the properties of Fortune REIT during the Reporting Period:

Name of Connected Party	Relationship with Fortune REIT	Nature of the Connected Party Transaction	Expenses for the six months ended 30 June 2019 HK\$'000
Citybase Property Management Limited	Associate of a significant holder <sup>1</sup>	Property management and operations	565
E-Park Parking Management Limited	Associate of a significant holder <sup>1</sup>	Carpark lease agency fee	4,857
Goodwell-Fortune Property Services Limited	Associate of a significant holder <sup>1</sup>	Property and lease management fee and marketing services fee	39,930
Goodwell Property Management Limited	Associate of a significant holder <sup>1</sup>	Property management and operations	88
<b>Total</b>			<b>45,440</b>

Note:

1. The significant holder being Focus Eagle.

## CONNECTED PARTY TRANSACTIONS



### CONNECTED PARTY TRANSACTIONS – OTHERS

The following table sets forth information in relation to other services provided by the connected parties to Fortune REIT during the Reporting Period:

Name of Connected Party	Relationship with Fortune REIT	Nature of the Connected Party Transaction	Expenses for the six months ended 30 June 2019 HK\$'000
ARA Asset Management (Fortune) Limited	Manager	Manager's fee	86,201
HSBC Institutional Trust Services (Singapore) Limited	Trustee	Trustee's fee	7,311
Jones Lang LaSalle Limited	Principal valuer	Valuation fees	152
<b>Total</b>			<b>93,664</b>



## CONNECTED PARTY TRANSACTIONS

### CONNECTED PARTY TRANSACTIONS WITH THE TRUSTEE CONNECTED PERSONS

#### Leasing/licensing transactions

The following table sets forth information on the leasing/licensing transactions between Fortune REIT and the Trustee (and its directors, senior executives, officers, controlling entities, holding companies, subsidiaries and associated companies all within the meaning of the REIT Code) and the HSBC Group<sup>1</sup> (collectively, the “**Trustee Connected Persons**”) during the Reporting Period:

Name of Connected Party	Relationship with Fortune REIT	Nature of the Connected Party Transaction	Income for the six months ended 30 June 2019 HK\$'000	Rental deposit received as at 30 June 2019 HK\$'000
Hang Seng Bank Limited	Trustee Connected Persons	Leasing and licensing transactions	10,591	5,722
The Hongkong and Shanghai Banking Corporation Limited (“ <b>HSBC</b> ”)	Trustee Connected Persons	Leasing and licensing transactions	4,939	2,139
<b>Total</b>			<b>15,530</b>	<b>7,861</b>

Note:

1. HSBC Group means HSBC and its subsidiaries and unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee but excluding those subsidiaries formed in its capacity as the trustee of Fortune REIT). Specifically, HSBC Group includes Hang Seng Bank Limited and its subsidiaries.

### PROVISION OF ORDINARY BANKING AND FINANCIAL SERVICES

Fortune REIT has engaged HSBC Group to provide ordinary course of banking and financial services (namely, bank deposits and interest earned therefrom and loan facilities including interest and charges paid thereto) within the Reporting Period.

# DISCLOSURE OF INTERESTS



## UNIT CAPITAL

The total number of issued units as at 30 June 2019 is 1,930,988,000 units.

## HOLDINGS OF SIGNIFICANT UNITHOLDERS AND OTHER UNITHOLDERS

As at 30 June 2019, each of the following persons was considered a “significant Unitholder”, and hence a “connected person” of Fortune REIT, for the purpose of the REIT Code:

Name	Direct interest		Deemed interest	
	Number of Units Held Long Position	Percentage of Unit Holdings	Number of Units Held Long Position	Percentage of Unit Holdings
Focus Eagle <sup>1</sup>	413,074,684	21.39%	–	–
CK Asset Holdings Limited (“CK Asset”) <sup>1</sup>	–	–	525,630,684	27.22%
Schroders Plc <sup>2</sup>	–	–	214,427,679	11.10%

In addition to the significant Unitholders as disclosed above, each of the following persons held, or was deemed to hold 5% or more of the issued units as at 30 June 2019:

Name	Direct interest		Deemed interest	
	Number of Units Held Long Position	Percentage of Unit Holdings	Number of Units Held Long Position	Percentage of Unit Holdings
Ballston Profits Limited <sup>1</sup>	112,556,000	5.83%	–	–

Notes:

- Focus Eagle and Ballston Profits Limited were indirect wholly-owned subsidiaries of CK Asset. Therefore, CK Asset was deemed to hold 525,630,684 units, of which: (i) 413,074,684 units were held by Focus Eagle; and (ii) 112,556,000 units were held by Ballston Profits Limited.
- Schroders Plc was deemed to be interested in 214,427,679 units of which:
  - 75,925,400 units were held by Schroder Investment Management Limited;
  - 67,905,000 units were held by Schroder Investment Management (Singapore) Limited;
  - 69,785,000 units were held by Schroder Investment Management (Hong Kong) Limited; and
  - 812,279 units were held by Schroder & Co (Asia) Limited.



## DISCLOSURE OF INTERESTS

### INTERESTS OF THE MANAGER

As at 30 June 2019, the Manager did not hold any units of Fortune REIT.

### INTERESTS OF THE DIRECTORS AND SENIOR EXECUTIVES

Details of the unitholding interests of the Directors and senior executives of Fortune REIT as at 30 June 2019 were as follows:

Name	Direct interest		Deemed interest	
	Number of Units Held Long Position	Percentage of Unit Holdings	Number of Units Held Long Position	Percentage of Unit Holdings
<b>Director</b>				
Lim Hwee Chiang <sup>1</sup>	1,000,000	0.05%	2,100,000	0.11%

Note:

1. Mr. Lim Hwee Chiang was deemed to be interested in the 2,100,000 units held by Citibank Nominees Singapore Pte. Ltd. (as nominee for JL Philanthropy Ltd). Mr. Lim is the settlor of JL Charitable Settlement which is the beneficiary of JL Philanthropy Ltd.



### HOLDINGS OF THE OTHER CONNECTED PERSONS

HSBC Group, being the Trustee Connected Persons of Fortune REIT, was deemed to be interested in 14,000 units, or approximately 0.0007% of the issued units of Fortune REIT.

Saved as disclosed above, the Manager is not aware of any connected persons (as defined under the REIT Code) of Fortune REIT holding any units of Fortune REIT as at 30 June 2019.

To the best knowledge of the Manager and save as disclosed, the following sets out changes in the beneficial interest of certain connected persons of Fortune REIT, in compliance with rule 8.2(a) of the REIT Code, by reference to comparison of their respective beneficial interests as at 30 June 2019 and 31 December 2018:

- (a) Schrodgers Plc was beneficially interested in 214,427,679 units as at 30 June 2019 and 208,898,448 units as at 31 December 2018;
- (b) The Manager did not hold any beneficial interest in any units as at 30 June 2019 and was beneficially interested in 3,043,074 units as at 31 December 2018;
- (c) HSBC Group was deemed to be beneficially interested in 14,000 units as at 30 June 2019 and did not hold any beneficial interest in any units as at 31 December 2018; and
- (d) Mr. Richard Waichi Chan, a director of Focus Eagle and his associate did not hold any beneficial interest in any units as at 30 June 2019 and were beneficially interested in 100,000 units as at 31 December 2018.



## OTHER INFORMATION

### EMPLOYEES

Fortune REIT is managed by the Manager and does not employ any staff itself.

### NEW UNITS ISSUED

As at 30 June 2019, the total number of issued units of Fortune REIT was 1,930,988,000. As compared with the position as at 31 December 2018, a total of 6,588,630 new units were issued during the Reporting Period in the following manner:

- On 4 January 2019, 3,506,133 new units were issued to the Manager at the price of HK\$9.0581 per unit (being ascribed in the Trust Deed) as payment in full of the Manager's base fee of approximately HK\$31.8 million payable by Fortune REIT for the period from 1 October 2018 to 31 December 2018.
- On 1 April 2019, 3,082,497 new units were issued to the Manager at the price of HK\$10.0790 per unit (being ascribed in the Trust Deed) as payment in full of the Manager's base fee of approximately HK\$31.1 million payable by Fortune REIT for the period from 1 January 2019 to 31 March 2019.

### REPURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Period, other than the disposal of 9,631,704 units by the Manager, there was no repurchase, sale or redemption of the units of Fortune REIT by Fortune REIT or its subsidiaries.

### PUBLIC FLOAT

As far as the Manager is aware, more than 25% of the issued and outstanding units of Fortune REIT were held in public hands as at 30 June 2019.

# CORPORATE INFORMATION



## MANAGER

### ARA Asset Management (Fortune) Limited

Unit 901, Level 9,  
Fortune Metropolis,  
6 Metropolis Drive,  
Hung Hom, Kowloon,  
Hong Kong  
Tel: +852 2169 0928  
Fax: +852 2169 0968

5 Temasek Boulevard  
#12-01, Suntec Tower Five,  
Singapore 038985  
Tel: +65 6835 9232  
Fax: +65 6835 9672

## DIRECTORS OF THE MANAGER

CHUI Sing Loi (alias TSUI Sing Loi), *Chairman and Independent Non-Executive Director*  
CHIU Kwok Hung, Justin, *Non-Executive Director*  
LIM Hwee Chiang, *Non-Executive Director*  
YEUNG, Eirene, *Non-Executive Director*  
MA Lai Chee, Gerald, *Non-Executive Director*  
CHIU Yu, Justina, *Chief Executive Officer and Executive Director*  
CHENG Ai Ping, *Independent Non-Executive Director*  
YEO Annie (alias YEO May Ann), *Independent Non-Executive Director*  
KOH Poh Wah, *Independent Non-Executive Director*

## COMPANY SECRETARIES OF THE MANAGER

YEOH Kar Choo, Sharon  
CHIANG Wai Ming

## TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited

## LEGAL ADVISER AS TO HONG KONG LAW

Woo Kwan Lee & Lo

## LEGAL ADVISER AS TO SINGAPORE LAW

Allen & Gledhill LLP

## HONG KONG UNIT REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## SINGAPORE UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01, Singapore Land Tower  
Singapore 048623

## AUDITORS

Deloitte Touche Tohmatsu  
Deloitte & Touche LLP

## STOCK CODES

Hong Kong: 778  
Singapore: F25U

## WEBSITE AND EMAIL

www.fortunereit.com  
www.fortunemalls.com.hk  
enquiries@fortunereit.com



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

TO THE BOARD OF DIRECTORS OF ARA ASSET MANAGEMENT (FORTUNE) LIMITED

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fortune Real Estate Investment Trust (“**Fortune REIT**”) set out on pages 28 to 55, which comprises the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in net assets attributable to unitholders, condensed consolidated statement of cash flows and distribution statement for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. ARA Asset Management (Fortune) Limited, as manager of Fortune REIT, is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 July 2019

# FINANCIAL STATEMENTS

- 28** Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 29** Distribution Statement
- 30** Condensed Consolidated Statement of Financial Position
- 31** Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders
- 33** Condensed Consolidated Statement of Cash Flows
- 34** Notes to the Condensed Consolidated Financial Statements



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>974,274</b>	978,062
Property operating expenses	6	<b>(202,351)</b>	(206,202)
<b>Net property income before manager's performance fee</b>		<b>771,923</b>	771,860
Manager's performance fee		<b>(23,175)</b>	(23,276)
<b>Net property income</b>		<b>748,748</b>	748,584
Manager's base fee		<b>(63,026)</b>	(58,425)
Foreign currency exchange gain		<b>37</b>	56
Interest income		<b>645</b>	4,004
Trust expenses	7	<b>(11,272)</b>	(8,859)
Gain on disposal of a property company		<b>–</b>	941,060
Change in fair value of investment properties	12	<b>641,331</b>	3,011,511
Finance costs	8	<b>(181,407)</b>	(89,508)
<b>Profit before taxation and transactions with unitholders</b>	9	<b>1,135,056</b>	4,548,423
Income tax expense	10	<b>(113,301)</b>	(113,415)
<b>Profit for the period, before transactions with unitholders</b>		<b>1,021,755</b>	4,435,008
Distributions to unitholders		<b>(505,449)</b>	(505,181)
<b>Net comprehensive income for the period</b>		<b>516,306</b>	3,929,827
<b>Income available for distribution to unitholders</b>		<b>505,449</b>	505,181
<b>Basic earnings per unit (HK cents)</b>	11	<b>52.90</b>	232.05



# DISTRIBUTION STATEMENT

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Profit for the period, before transactions with unitholders</b>	<b>1,021,755</b>	4,435,008
<b>Adjustments:</b>		
Manager's base fee	<b>63,026</b>	58,425
Gain on disposal of a property company	–	(941,060)
Change in fair value of investment properties	<b>(641,331)</b>	(3,011,511)
Change in fair value of derivative financial instruments	<b>53,010</b>	(42,348)
Foreign currency exchange gain	<b>(37)</b>	(56)
Other non-tax deductible trust expenses	<b>9,026</b>	6,723
<b>Income available for distribution (Note (i))</b>	<b>505,449</b>	505,181
<b>Distribution per unit (HK cents) (Note (ii))</b>	<b>26.13</b>	26.34

Notes:

- (i) The distribution policy of Fortune REIT has been amended on 26 March 2010 pursuant to the extraordinary resolution passed on the same date for the purpose of allowing Fortune REIT to comply with the relevant Hong Kong regulatory requirements, including the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission of Hong Kong ("SFC"). The current distribution policy, as amended, obliges Fortune REIT to distribute to unitholders on a semi-annual basis, the higher of (a) 100% of its tax-exempt income (exclude dividends paid out of interest income and gains, if any, which are distributable at the discretion of ARA Asset Management (Fortune) Limited (the "Manager")) after deduction of applicable expenses ("Net Tax-Exempt Income"); and (b) 90% of consolidated net profit after tax (before transactions with unitholders) for the relevant financial period adjusted to eliminate the effects of certain adjustments in the REIT Code ("Net Profit After Tax").

Net Tax-Exempt Income and Net Profit After Tax for the six months ended 30 June 2019 is HK\$505.4 million (six months ended 30 June 2018: HK\$505.2 million) and HK\$466.8 million (six months ended 30 June 2018: HK\$465.9 million), respectively. Accordingly, the income available for distribution, based on the Net Tax-Exempt Income, of HK\$505.4 million (six months ended 30 June 2018: HK\$505.2 million) would be distributed to unitholders for the six months ended 30 June 2019.

- (ii) The distribution per unit of 26.13 HK cents for the six months ended 30 June 2019 is calculated based on the income available for distribution for the period of HK\$505.4 million over 1,933,977,332 units, represented issued units as at 30 June 2019 of 1,930,988,000 units plus the number of units issued after the distribution period to the Manager as settlement of the Manager's base fee for its services in the second quarter of 2019 of 2,989,332 units. The distribution amounted to HK\$505.4 million for the six months ended 30 June 2019 will be paid on 29 August 2019.

The distribution per unit of 26.34 HK cents for the six months ended 30 June 2018 was calculated based on the income available for distribution for the period of HK\$505.2 million over the issued units as at 30 June 2018 of 1,917,295,034 units. The distribution amounting to HK\$505.2 million for the six months ended 30 June 2018 was paid on 29 August 2018.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at 30 June 2019

	<i>Notes</i>	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	12	42,727,000	42,000,000
Derivative financial instruments	13	6,848	18,816
<b>Total non-current assets</b>		<b>42,733,848</b>	42,018,816
<b>Current assets</b>			
Trade and other receivables	14	72,149	64,459
Bank balances and cash		540,057	542,899
Derivative financial instruments	13	1,856	6,290
<b>Total current assets</b>		<b>614,062</b>	613,648
<b>Total assets</b>		<b>43,347,910</b>	42,632,464
<b>Non-current liabilities</b>			
Derivative financial instruments	13	36,608	–
Borrowings	15	8,164,169	8,459,456
Deferred tax liabilities		484,501	471,334
<b>Total non-current liabilities</b>		<b>8,685,278</b>	8,930,790
<b>Current liabilities</b>			
Trade and other payables	16	776,148	790,411
Borrowings	15	684,679	400,000
Distribution payable		505,449	481,007
Provision for taxation		103,659	16,891
<b>Total current liabilities</b>		<b>2,069,935</b>	1,688,309
<b>Total liabilities, excluding net assets attributable to unitholders</b>		<b>10,755,213</b>	10,619,099
<b>Net assets attributable to unitholders</b>		<b>32,592,697</b>	32,013,365
<b>Units in issue and to be issued ('000)</b>	17	<b>1,933,977</b>	1,927,905
<b>Net asset value per unit attributable to unitholders (HK\$)</b>	18	<b>16.85</b>	16.61



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2019

	Units in issue and to be issued HK\$'000	Unit issue costs HK\$'000	Retained profits HK\$'000	Total HK\$'000
Net assets attributable to unitholders as at 1 January 2019 (Audited)	8,113,501	(286,279)	24,186,143	32,013,365
<b>OPERATIONS</b>				
Profit for the period, before transactions with unitholders	–	–	1,021,755	1,021,755
Distribution paid and payable of 26.13 HK cents per unit for the six months ended 30 June 2019	–	–	(505,449)	(505,449)
Total comprehensive income for the period	–	–	516,306	516,306
<b>UNITHOLDERS' TRANSACTIONS</b>				
Creation of units – Manager's base fee paid/payable in units	63,026	–	–	63,026
Increase in net assets resulting from unitholders' transactions	63,026	–	–	63,026
<b>Net assets attributable to unitholders as at 30 June 2019 (Unaudited)</b>	<b>8,176,527</b>	<b>(286,279)</b>	<b>24,702,449</b>	<b>32,592,697</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS



For the six months ended 30 June 2018

	Units in issue and to be issued HK\$'000	Unit issue costs HK\$'000	Retained profits HK\$'000	Total HK\$'000
Net assets attributable to unitholders as at 1 January 2018 (Audited)	7,992,482	(286,279)	19,181,564	26,887,767
<b>OPERATIONS</b>				
Profit for the period, before transactions with unitholders	–	–	4,435,008	4,435,008
Distribution paid and payable of 26.34 HK cents per unit for the six months ended 30 June 2018	–	–	(505,181)	(505,181)
Total comprehensive income for the period	–	–	3,929,827	3,929,827
<b>UNITHOLDERS' TRANSACTIONS</b>				
Creation of units				
– Manager's base fee paid in units	27,925	–	–	27,925
Increase in net assets resulting from unitholders' transactions	27,925	–	–	27,925
<b>Net assets attributable to unitholders as at 30 June 2018 (Unaudited)</b>	<b>8,020,407</b>	<b>(286,279)</b>	<b>23,111,391</b>	<b>30,845,519</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash from operating activities	702,191	713,394
Net cash (used in)/from investing activities:		
Upgrading of investment properties	(85,669)	(15,489)
Proceed from disposal of a property company	–	1,985,005
Interest received	645	3,303
	(85,024)	1,972,819
Net cash used in financing activities:		
Drawdown of borrowings	1,060,000	–
Repayment of borrowings	(1,080,000)	(1,500,000)
Distribution paid	(481,420)	(483,731)
Finance costs paid	(118,589)	(121,190)
	(620,009)	(2,104,921)
Net (decrease)/increase in cash and cash equivalents	(2,842)	581,292
Cash and cash equivalents at beginning of the period	542,899	516,036
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>540,057</b>	<b>1,097,328</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 1 GENERAL

Fortune Real Estate Investment Trust (“**Fortune REIT**”) is a real estate investment trust constituted by a trust deed entered into on 4 July 2003 (as amended) (the “**Trust Deed**”) between ARA Asset Management (Fortune) Limited, as the manager of Fortune REIT (the “**Manager**”), and HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Fortune REIT (the “**Trustee**”). Fortune REIT is primary listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”) and secondary listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The principal activity of Fortune REIT is investment holding whereas its subsidiaries (together with Fortune REIT referred to as the “**Group**”) is to own and invest in a portfolio of retail shopping malls located in Hong Kong with the primary objective of producing stable distributions for unitholders and to achieve long term growth in the net asset value per unit.

## 2 BASIS OF PREPARATION

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of Fortune REIT.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on SEHK and with International Accounting Standard 34 “Interim Financial Reporting” and the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong.

The Manager is of the opinion that, taking into account the fair value of investment properties, presently available undrawn banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of the new International Financial Reporting Standard (“IFRS”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

### Application of new IFRS

In the current interim period, the Group has applied, for the first time, IFRS 16 *Leases* (“IFRS 16”) issued by the International Accounting Standards Board which is pertinent to the Group and is mandatorily effective for annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements. The application of IFRS 16 results in changes to accounting policies, amounts reported and/or disclosures as described below.

#### Impacts and changes in accounting policies of application on IFRS 16

IFRS 16 superseded IAS 17 *Lease* (“IAS 17”) and the related interpretations.

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16. In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of new IFRS (Continued)

#### Impacts and changes in accounting policies of application on IFRS 16 (Continued)

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group has used practical expedient to apply IFRS 16 to contracts that were previously identified as leases in applying IAS 17 and IFRIC – Int 4 *Determining whether an Arrangement contains a Lease* and not to apply this standards to contracts that were not previously identified as containing a lease.

Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application. For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

##### *Allocation of consideration to components of a contract*

Effective on 1 January 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* (“**IFRS 15**”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of new IFRS (Continued)

#### Impacts and changes in accounting policies of application on IFRS 16 (Continued)

##### *Refundable rental deposits*

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Subsequently, adjustments to fair value are considered as additional lease payments from lessees. Before application of IFRS 16, refundable rental deposits received are considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect.

##### *Lease modification*

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing contracts are accounted as if the existing leases are modified as at 1 January 2019. Effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

The application of IFRS 16 in the current interim period has had no material impact on the Group's condensed consolidated statement of financial position at 1 January 2019 and the amounts reported for the current period and/or disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 4 REVENUE

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Base rental	763,790	757,353
Other rental	88,372	95,442
Other income	646	526
Total rental income	852,808	853,321
Charge-out collections (note)	121,466	124,741
	974,274	978,062

Note: Revenue from contracts with customers represented charge-out collections, which consist of payments in respect of the operation of the properties in Hong Kong which are payable by the tenants and licensees, are recognised over time as income based on time lapsed when the services and facilities are provided.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 5 SEGMENTAL REPORTING

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which is the management of the Manager, in order to allocate resources to segments and to assess their performance.

The Group owns 16 (31 December 2018: 16) properties as at 30 June 2019 which are located in Hong Kong. Revenue and net property income of each property (which constitutes an operating segment) is the measure reported to the Manager for the purposes of resource allocation and performance assessment. The Manager considers that all existing properties held by the Group, consisting of retail shopping malls, have similar economic characteristics and have similar nature in providing leasing service to similar type of retail tenants for rental income. In addition, the cost structure and the economic environment in which they operate are similar. Therefore, the Manager concluded that each of the properties or operating segments are aggregated into a single reportable segment and no further analysis for segment information is presented.

## 6 PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Advertising and promotion	6,733	8,898
Building management expenses	102,543	108,593
Carpark operating expenses	15,682	14,737
Government rents and rates	6,724	6,495
Leasing commission and marketing services fee	16,631	13,790
Legal and other professional fees	3,351	3,156
Property manager fee	23,868	23,938
Utilities	19,257	19,200
Others	7,562	7,395
	<b>202,351</b>	206,202

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 7 TRUST EXPENSES

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trustee's fee	7,311	6,699
Other charges	3,961	2,160
	<b>11,272</b>	8,859

## 8 FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	120,287	105,176
Front end fees	9,392	13,666
Commitment fee	868	874
Interest rate swaps and caps (income)/expenses realised	(2,150)	12,140
	<b>128,397</b>	131,856
Change in fair value of derivative financial instruments	53,010	(42,348)
	<b>181,407</b>	89,508



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 9 PROFIT BEFORE TAXATION AND TRANSACTIONS WITH UNITHOLDERS

Profit before taxation and transactions with unitholders is arrived at after charging:

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fees to external auditor		
– Audit services	804	724
– Non-audit services	660	660
Fees to internal auditor	175	161
Valuation fees (paid to principal valuer)	152	315

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong	<b>100,134</b>	100,983
Deferred taxation	<b>13,167</b>	12,432
	<b>113,301</b>	113,415

Fortune REIT's subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at 16.5% (six months ended 30 June 2018: 16.5%) for the period. Fortune REIT, which is established in Singapore, is subject to Singapore income tax at 17% (six months ended 30 June 2018: 17%) for the period. No provision for Singapore income tax has been made for Fortune REIT as it had no assessable profit for both periods.

Deferred tax is provided on temporary differences in relation to accelerated tax depreciation and tax losses using the applicable rate of 16.5%. The investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and hence the presumption that the carrying amounts are recovered entirely through sale is not rebutted.

## 11 EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing the profit for the period, before transactions with unitholders of HK\$1,021.8 million (six months ended 30 June 2018: HK\$4,435.0 million) by the weighted average of 1,931,479,666 units (six months ended 30 June 2018: 1,911,191,135 units) outstanding during the period.

No diluted earnings per unit is presented as there are no potential units in issue during the financial period nor outstanding at the end of the financial period.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 12 INVESTMENT PROPERTIES

	For the six months ended 30 June 2019 HK\$'000 (Unaudited)	For the year ended 31 December 2018 HK\$'000 (Audited)
<b>Fair Value</b>		
At beginning of the period/year	42,000,000	37,751,000
During the period/year:		
Capital expenditure incurred in upgrading investment properties	85,669	61,352
Change in fair value of investment properties	641,331	4,187,648
At end of the period/year	42,727,000	42,000,000

### Notes:

- (i) In estimating the fair value of investment properties, it is the Group's policy to engage an independent qualified external valuer to perform the valuation. The Manager works closely with the valuer to establish appropriate inputs to the valuation model.

On 30 June 2019 and 31 December 2018, independent valuations were undertaken by Jones Lang LaSalle Limited ("**Jones Lang**") and Knight Frank Petty Limited ("**Knight Frank**"), respectively. These firms are independent qualified external valuers not related to the Group and have appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of the properties was principally arrived at using income capitalisation approach which is a method of valuation whereby the existing net rental incomes of all lettable units of each property are capitalised for the respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, the market rentals of all lettable units of the properties are assessed and capitalised at market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions of similar properties in Hong Kong and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The adopted capitalisation rates in the valuation range from 4.0% – 4.8% (31 December 2018: 4.0% – 4.8%). The capitalisation rate is one of the key parameters in the valuation method of income capitalisation and they involve professional judgment in relation to the adjustments made by the valuer. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

- (ii) As at 30 June 2019, properties with total fair value of HK\$6,196 million (31 December 2018: HK\$6,144 million) have been mortgaged as collaterals for credit facilities granted by the banks.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 13 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Derivative financial instruments are analysed as:		
Derivatives not under hedge accounting:		
Interest rate swaps and caps	<b>(27,904)</b>	25,106
Reflected on condensed consolidated statement of financial position based on remaining contractual maturity as:		
Current assets	<b>1,856</b>	6,290
Non-current assets	<b>6,848</b>	18,816
Non-current liabilities	<b>(36,608)</b>	–
	<b>(27,904)</b>	25,106

The Group uses interest rate swaps and caps as hedging instruments in order to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of these borrowings from floating rates to fixed rates.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 13 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

### Derivatives not under hedge accounting:

Contracts not under hedge accounting with total notional amount of HK\$5,286.2 million (31 December 2018: HK\$5,048.2 million) as at 30 June 2019 will mature from August 2019 to March 2024 (31 December 2018: March 2019 to April 2021). These contracts have fixed interest payments at rates ranging from 1.105% to 2.245% (31 December 2018: 0.665% to 1.85%) per annum and have floating interest receipts at one or three months Hong Kong Inter-bank Offered Rate (“**HIBOR**”).

The change in fair value of the derivative financial instruments not under hedge accounting amounting to a loss of HK\$53.0 million (six months ended 30 June 2018: a gain of HK\$42.3 million), is recognised in the profit or loss for the six months ended 30 June 2019.

The derivative financial instruments are measured at fair value at the end of the reporting period. Their fair values are determined based on the discounted future cash flows using the applicable yield curve for the remaining duration of the instruments.

The fair value of derivative financial instruments falls under Level 2 of the fair value hierarchy and is based on valuation of the instruments provided by the counterparty banks, which are determined using interest rates implied from observable market inputs such as market interest rates yield curves and contracted interest rates discounted at a rate that reflects the credit risk of various counterparties.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 14 TRADE AND OTHER RECEIVABLES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade receivables	37,279	30,291
Other receivables and prepayments:		
– Security deposits	25,671	25,669
– Other receivables	7,378	5,901
– Prepayments	1,821	2,598
	<b>34,870</b>	34,168
	<b>72,149</b>	64,459

Ageing analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
0 – 30 days	35,764	29,531
31 – 90 days	1,515	760
	<b>37,279</b>	30,291



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 15 BORROWINGS

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Secured term loans	2,000,000	2,000,000
Unsecured term loans	6,505,060	6,505,060
Unsecured revolving loans	380,000	400,000
	<b>8,885,060</b>	8,905,060
Less: unamortised front end fees	(36,212)	(45,604)
	<b>8,848,848</b>	8,859,456
Carrying amount repayable:		
On demand or within one year	684,679	400,000
More than one year, but not more than two years	3,190,069	3,491,056
More than two years, but not more than five years	4,974,100	4,968,400
	<b>8,848,848</b>	8,859,456
Less: Amount due within one year shown under current liabilities	(684,679)	(400,000)
	<b>8,164,169</b>	8,459,456

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 15 BORROWINGS (Continued)

Notes:

- (i) As at 30 June 2019, total committed loan facilities amounted to HK\$9,205.1 million (31 December 2018: HK\$9,205.1 million), bear interest at HIBOR plus a margins ranging from 0.98% to 1.30% (31 December 2018: 0.98% to 1.30%).

In addition, the Trustee (in its capacity as Trustee of Fortune REIT) has provided guarantee for all the loan facilities.

- (ii) The front end fees are amortised over the respective loan periods. The movements in the front end fees and accumulated amortisation are as follow:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
At beginning of the period/year	92,813	116,088
Reversal during the period/year	–	(23,275)
At end of the period/year	92,813	92,813
Movement in accumulated amortisation:		
At beginning of the period/year	(47,209)	(44,239)
Amortised during the period/year	(9,392)	(20,445)
Reversal during the period/year	–	17,475
At end of the period/year	(56,601)	(47,209)
Net book values	36,212	45,604



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 16 TRADE AND OTHER PAYABLES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
(a) Trade payables:		
Tenants' deposits	531,392	516,091
Rental received in advance	30,036	29,384
	<b>561,428</b>	545,475
(b) Other payables:		
Trustee's fee	2,478	2,422
Manager's performance fees	23,175	45,711
Other expenses	185,062	193,487
Interest payable	491	219
Others	3,514	3,097
	<b>214,720</b>	244,936
	<b>776,148</b>	790,411

Trade and other payables comprise deposits refundable to tenants upon termination or cancellation of operating lease arrangements and amounts outstanding for ongoing costs. The tenants' deposits are refundable to tenants within 30 days upon the termination of the tenancy agreement.

The tenants' deposits to be settled after twelve months from the end of the reporting period based on lease term amounted to HK\$328.6 million (31 December 2018: HK\$323.3 million) as at 30 June 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 17 UNITS IN ISSUE AND TO BE ISSUED

	Number of units '000	HK\$'000
Balance as at 1 January 2018	<b>1,914,348</b>	7,992,482
Issue of new units during the year:		
As payment of Manager's base fee for the period from 1 January to 30 September 2018	<b>10,051</b>	89,260
Balance in issue as at 31 December 2018	<b>1,924,399</b>	8,081,742
Issue of new units during the year:		
As payment of Manager's base fee for the period from 1 October to 31 December 2018 (Note)	<b>3,506</b>	31,759
Balance as at 31 December 2018	<b>1,927,905</b>	8,113,501
Issue of new units during the period:		
As payment of Manager's base fee for the period from 1 January to 31 March 2019	<b>3,083</b>	31,068
Balance in issue as at 30 June 2019	<b>1,930,988</b>	8,144,569
New units to be issued:		
As payment of Manager's base fee for the period from 1 April to 30 June 2019 (Note)	<b>2,989</b>	31,958
Balance as at 30 June 2019	<b>1,933,977</b>	8,176,527

Note: Manager's base fee payable to the Manager is in the form of units. On 3 July 2019, Fortune REIT issued 2,989,332 units at an issue price of HK\$10.6905 per unit to the Manger as base fee for the period from 1 April 2019 to 30 June 2019. On 4 January 2019, Fortune REIT issued 3,506,133 units at an issue price of HK\$9.0581 per unit to the Manager as base fee for the period from 1 October 2018 to 31 December 2018.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 18 NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

Net asset value per unit as at 30 June 2019 is calculated based on the net assets attributable to unitholders of the Group of HK\$32,592.7 million (31 December 2018: HK\$32,013.4 million) and the total number of 1,933,977,332 units (31 December 2018: 1,927,905,503 units) in issue and to be issued, including the new units to be issued as payment of Manager's base fee.

### 19 NET CURRENT LIABILITIES

As at 30 June 2019, the Group's net current liabilities, defined as current liabilities less current assets, amounted to HK\$1,455.9 million (31 December 2018: HK\$1,074.7 million).

### 20 TOTAL ASSETS LESS CURRENT LIABILITIES

As at 30 June 2019, the Group's total assets less current liabilities amounted to HK\$41,278.0 million (31 December 2018: HK\$40,944.2 million).

### 21 CAPITAL COMMITMENTS

As at 30 June 2019, the Group had capital commitments in respect of investment properties which were contracted but not provided for of HK\$132.9 million (31 December 2018: HK\$208.6 million).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 22 CONNECTED AND RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with connected and related parties:

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Rent and rental related income from</b>			
ARA Asset Management (Fortune) Limited	(e)	2,629	443
A.S. Watson Retail (HK) Limited	(c)	18,132	18,943
BIGBOXX.com Limited	(c)	1,231	1,225
Cheung Kong Property Development Limited	(b)	9,088	17,636
Citybase Property Management Limited	(b)	1,144	1,044
Hang Seng Bank Limited	(d)	10,591	9,846
Hutchison International Limited	(c)	1,624	1,495
Hutchison Telephone Company Limited	(c)	4,665	4,700
Hutchison Telecommunication Services Limited	(c)	12	42
PARKnSHOP (HK) Limited	(c)	72,819	74,723
Sino China Enterprises Limited	(b)	10	9
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	(d)	4,939	4,933
Towerich Limited	(b)	36	34
<b>Carpark lease agency fee for the operations of the Group's carpark</b>			
E-Park Parking Management Limited	(b)	4,857	4,609



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 22 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Property management fee</b>			
Citybase Property Management Limited	(b)	565	504
Goodwell-Fortune Property Services Limited	(b)	23,868	23,829
Goodwell Property Management Limited	(b)	88	88
Whampoa Property Management Limited	(b)	–	109
<b>Leasing commission and marketing services fee</b>			
Goodwell-Fortune Property Services Limited	(b)	16,062	13,221
<b>Trustee's fee</b>			
HSBC Institutional Trust Services (Singapore) Limited		7,311	6,699
<b>Manager's divestment fee</b>			
ARA Asset Management (Fortune) Limited	(e)	–	10,000
<b>Manager's base fee</b>			
ARA Asset Management (Fortune) Limited	(e)	63,026	58,425
<b>Manager's performance fee</b>			
ARA Asset Management (Fortune) Limited	(e)	23,175	23,276
<b>Valuation and other fees</b>			
Jones Lang	(f)	152	–
Knight Frank	(f)	–	315

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2019

## 22 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

The following are the balances with connected and related parties at the end of the reporting period:

	<i>Notes</i>	<b>30 June 2019 HK\$'000 (Unaudited)</b>	31 December 2018 HK\$'000 (Audited)
<b>Trade receivables with connected and related companies are as follows:</b>			
A.S. Watson Retail (HK) Limited	<i>(c)</i>	<b>20</b>	–
ARA Asset Management (Fortune) Limited	<i>(e)</i>	<b>2</b>	–
Cheung Kong Property Development Limited	<i>(b)</i>	<b>2,155</b>	822
HSBC	<i>(d)</i>	<b>33</b>	–
Hutchison Telephone Company Limited	<i>(c)</i>	<b>2</b>	–
PARKnSHOP (HK) Limited	<i>(c)</i>	<b>50</b>	–
		<b>2,262</b>	822
<b>Other payables with connected and related companies are as follows:</b>			
ARA Asset Management (Fortune) Limited	<i>(e)</i>	<b>23,175</b>	45,711
Citybase Property Management Limited	<i>(b)</i>	<b>24,590</b>	27,853
E-Park Parking Management Limited	<i>(b)</i>	<b>833</b>	1,479
Goodwell-Fortune Property Services Limited	<i>(b)</i>	<b>13,127</b>	14,495
Goodwell Property Management Limited	<i>(b)</i>	<b>20,382</b>	22,518
		<b>58,932</b>	66,345
		<b>82,107</b>	112,056



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 22 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

		30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
	<i>Notes</i>		
<b>Deposits placed with the Group for the lease of the Group's properties</b>			
ARA Asset Management (Fortune) Limited	<i>(e)</i>	1,463	241
BIGBOXX.com Limited	<i>(c)</i>	7	–
A.S. Watson Retail (HK) Limited	<i>(c)</i>	2,048	2,859
Citybase Property Management Limited	<i>(b)</i>	638	633
Hang Seng Bank Limited	<i>(d)</i>	5,722	5,403
HSBC	<i>(d)</i>	2,139	2,138
Hutchison Telephone Company Limited	<i>(c)</i>	1,614	1,662
PARKnSHOP (HK) Limited	<i>(c)</i>	11,060	7,936
Sino China Enterprises Limited	<i>(b)</i>	5	5
Towerich Limited	<i>(b)</i>	20	19
		<b>24,716</b>	20,896

Notes:

- (a) Significant holder of Fortune REIT (as defined in the REIT Code) being Focus Eagle Investments Limited (the "Significant Holder"), which holds approximately 21% of the units of Fortune REIT as at 30 June 2019.
- (b) These companies are subsidiaries of CK Asset Holdings Limited ("CK Asset") and CK Asset is the holding company of the Significant Holder.
- (c) These companies are associated companies (as defined in the REIT code) of the Significant Holder.
- (d) These companies are fellow subsidiaries of the Trustee.
- (e) This company is the Manager of Fortune REIT.
- (f) Jones Lang and Knight Frank were the principal valuers of investment properties for the six months ended 30 June 2019 and for the year ended 31 December 2018, respectively.

In addition, the Trustee (in its capacity as trustee of Fortune REIT) has provided guarantees for all loan facilities granted to the Group.

# PERFORMANCE TABLE



	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Net assets attributable to unitholders (HK\$'000)	<b>32,592,697</b>	32,013,365
Net asset value per unit (HK\$)	<b>16.85</b>	16.61
The highest traded price during the period/year (HK\$)	<b>10.88</b>	9.87
The highest premium of the trade price to net asset value <sup>1</sup>	<b>N.A.</b>	N.A.
The lowest traded price during the period/year (HK\$)	<b>9.09</b>	8.58
The highest discount of the trade price to net asset value	<b>46.1%</b>	48.3%
The net yield per unit <sup>2</sup>	<b>4.9%</b>	5.7%

## Notes:

1. The highest traded price is lower than the net asset value per unit as at the end of the period. Accordingly, premium of the traded price to net asset value per unit had not been recorded.
2. The net yield per unit for the six months ended 30 June 2019 is an annualized yield based on the distribution per unit for the six months ended 30 June 2019 over the last trade price for the period.

The net yield per unit for the year ended 31 December 2018 is based on the distribution per unit for the year ended 31 December 2018 over the last trade price for the period.



**PORTFOLIO  
MAP & SUMMARY**  
物業組合分佈及總覽

# PORTFOLIO SUMMARY 物業總覽



As at 30 June 2019, Fortune REIT owns a geographically diverse portfolio of 16 retail malls and properties in Hong Kong, comprising approximately 3.0 million Sq.ft. of retail space and 2,713 car parking lots.

於2019年6月30日，置富產業信託的物業組合由16個分佈於香港多個區域的零售商場及物業組成，其中包括約300萬平方呎的零售樓面及2,713個車位。

Property	物業	Gross Rentable Area 可出租總面積 (Sq.ft.) (平方呎)	Valuation 估值 (HK\$ million) (百萬港元)	Occupancy 出租率	No. of car parking lots 車位數目	
1	Fortune City One	置富第一城	414,469	8,811	99.0%	653
2	Fortune Kingswood	置富嘉湖	665,244	8,764	95.6%	622
3	Ma On Shan Plaza	馬鞍山廣場	310,084	6,196	99.0%	290
4	Metro Town	都會駅	180,822	3,960	99.8%	74
5	Fortune Metropolis	置富都會	332,168	2,829	90.8%	179
6	Laguna Plaza	麗港城商場	163,203	2,697	99.7%	150
7	Belvedere Square	麗城薈	276,862	2,680	99.4%	329
8	Waldorf Avenue	華都大道	80,842	1,847	100%	73
9	Caribbean Square	映灣薈	63,018	1,304	100%	117
10	Jubilee Square	銀禧薈	170,616	1,002	98.3%	97
11	Smartland	荃薈	123,544	822	96.0%	67
12	Tsing Yi Square	青怡薈	78,836	813	100%	27
13	Centre de Laguna	城中薈	43,000	344	100%	N.A. 不適用
14	Hampton Loft	凱帆薈	74,734	315	100%	35
15	Lido Avenue	麗都大道	9,836	209	100%	N.A. 不適用
16	Rhine Avenue	海韻大道	14,604	134	100%	N.A. 不適用
<b>Total/Overall Average</b>		<b>合計／總平均值</b>	<b>3,001,882</b>	<b>42,727</b>	<b>97.4%</b>	<b>2,713</b>



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九龍  
KOWLOON

12

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1

9

大嶼山  
LANTAU ISLAND

14

6

4

5

13

香港島  
HONG KONG



Manager 管理人



ARA Asset Management (Fortune) Limited  
置富資產管理有限公司



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