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Fortune Real Estate Investment Trust

*(a collective investment scheme authorized under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*

(Stock Code: 778)

**Managed by
ESR Asset Management (Fortune) Limited**

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025 AND RECORD DATE FOR DISTRIBUTION ENTITLEMENT

Fortune Real Estate Investment Trust ("**Fortune REIT**") is a real estate investment trust constituted by a trust deed ("**Trust Deed**") entered into on 4 July 2003 (as amended, supplemented or otherwise modified from time to time). Fortune REIT is listed on The Stock Exchange of Hong Kong Limited ("**SEHK**").

Fortune REIT holds a portfolio of 17 retail properties, with 16 private housing estate retail properties in Hong Kong and 1 neighborhood mall in Singapore, comprising approximately 3.0 million square feet ("**Sq.ft.**") of retail space and 2,793 car parking spaces. The retail properties are Fortune City One, +WOO, Ma On Shan Plaza, Metro Town, Belvedere Square, Laguna Plaza, Fortune Metropolis, Waldorf Avenue, Caribbean Square, Jubilee Square, Tsing Yi Square, Smartland, Hampton Loft, Centre de Laguna, Lido Avenue, Rhine Avenue and Stars of Kovan Property. They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers.

The board of directors of ESR Asset Management (Fortune) Limited, as the manager of Fortune REIT (the “**Manager**”) is pleased to announce the unaudited results of Fortune REIT for the six months ended 30 June 2025 (the “**Reporting Period**”) as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2025	Six months ended 30 June 2024	% change
Revenue (HK\$ million)	854.5	871.8	-2.0%
Net property income (HK\$ million)	612.6	633.1	-3.2%
Income available for distribution (HK\$ million)	377.1	369.5	+2.1%
Distribution per unit (“ DPU ”) (HK cents)	18.41	18.23	+1.0%
Cost-to-revenue ratio	26.1%	25.1%	+1.0%
	As at 30 June 2025	As at 31 December 2024	% change
Property valuation (HK\$ million)	37,277	38,056	-2.0%
Net asset value per unit (HK\$)	12.67	13.21	-4.1%
Gearing ratio ^[1]	26.2%	25.6%	+0.6%

Note:

1. Gearing ratio is defined as total borrowings as a percentage of gross assets.

DISTRIBUTION

Fortune REIT’s distribution policy is to distribute no less than 90% of its audited annual net income after tax (before transactions with unitholders) for the relevant financial period adjusted to eliminate the effects of certain adjustments set out in the Trust Deed.

FINANCIAL REVIEW

In the first half of 2025, global trade tensions and geopolitical uncertainties weighed on economic recovery, while evolving consumption patterns, demographics shifts, and increasing outbound travels further challenged the retail market in Hong Kong.

Against these headwinds, Fortune REIT reported a gross revenue of HK\$854.5 million, a decrease of 2.0% compared to the same period last year (first half 2024: HK\$871.8 million). The decline was attributable to negative rental reversion, mainly from supermarkets and real estate agents, albeit partially offset by increases in charge-out income and carpark income, as well as a higher average occupancy compared to the same period last year.

Total property operating expenses (excluding the Manager’s performance fee) increased by 1.7% year-on-year to HK\$222.9 million (first half 2024: HK\$219.1 million). In particular, building management expenses were higher due to increased staff cost and more expensive service contracts. Advertising and promotion expense also increased as more sales-driven promotions were offered. Accordingly, net property income for the Reporting Period decreased by 3.2% year-on-year to HK\$612.6 million (first half of 2024: HK\$633.1 million) and the cost-to-revenue ratio was 26.1% (first half of 2024: 25.1%).

Finance costs for the Reporting Period (excluding changes in fair value of derivative financial instruments) fell by 12.6% year-on-year to HK\$173.3 million (first half of 2024: HK\$198.1 million). This reduction was primarily attributable to a substantial decline in short-term HIBOR during the second quarter, following an increased in Hong Kong dollar liquidity. The 1-month HIBOR fell sharply in May, reaching a 3-year low of

0.52% in June and staying below 1% throughout the remainder of June. Although additional costs were incurred from entering new interest rate swap (“IRS”) contracts at higher fixed rates during the Reporting Period to maintain a 50% hedging ratio, the floating loan portion yielded significant interest cost savings as a result of the lower HIBOR observed in the second quarter. Consequently, the effective borrowing cost was reduced to 3.5% for the Reporting Period (first half of 2024: 4.1%).

Interest cost savings offset lower net property income, resulting in a 2.1% year-on-year rise in income available for distribution to HK\$377.1 million for the Reporting Period (first half of 2024: HK\$369.5 million). With a distribution payout ratio of 100% for the Reporting Period (first half of 2024: 100%), the interim DPU increased by 1.0% year-on-year to 18.41 HK cents (first half of 2024: 18.23 HK cents). Based on the closing unit price of HK\$4.82 as at 30 June 2025, the interim DPU implied an annualized distribution yield of 7.7%.

The interim DPU of 18.41 HK cents for the six months ended 30 June 2025 will be paid on 19 September 2025 to Unitholders whose names appear on the register of Unitholders of Fortune REIT as at 21 August 2025.

Capital Management

Fortune REIT’s balance sheet remained sound. As at 30 June 2025, the gearing ratio stayed at a healthy level of 26.2% (31 December 2024: 25.6%), while gross liability as a percentage of gross assets was 30.9% (31 December 2024: 30.0%). Fixed rate portion of debt saw a slight decrease during the Reporting Period. Following the expiration of certain IRS contracts in early 2025, new contracts were secured, resulting in a 50% fixed rate debt ratio as at 30 June 2025 (31 December 2024: 55%).

Fortune REIT possesses sufficient financial resources to meet its financial commitments and working capital requirements. As at 30 June 2025, total loan facilities drawn down amounted to HK\$9,839.7 million (31 December 2024: HK\$9,849.7 million). Available liquidity amounted to HK\$756.6 million (31 December 2024: HK\$718.3 million), comprising committed but undrawn facilities of HK\$673.3 million (31 December 2024: HK\$621.7 million) and bank deposits of HK\$83.3 million (31 December 2024: HK\$96.6 million).

Net asset value per unit amounted to HK\$12.67 as at 30 June 2025 (31 December 2024: HK\$13.21).

Portfolio Valuation

As at 30 June 2025, the total value of Fortune REIT’s investment properties was HK\$37,277 million (31 December 2024: HK\$38,056 million). The average capitalization rate of the Hong Kong assets remained unchanged at 4.3%.

Jones Lang LaSalle Limited, the principal valuer, has adopted the income capitalization approach to the valuation methodology, which is cross-referenced with a direct comparison approach.

PORTFOLIO HIGHLIGHTS

As at 30 June 2025, Fortune REIT owns a geographically diverse portfolio of 16 and 1 retail properties in Hong Kong and Singapore respectively, comprising of 3.0 million sq.ft. of retail space and 2,793 car parking lots.

Property	Gross Rentable Area ("GRA") (Sq.ft.)	Valuation (HK\$ million)	Occupancy	No. of car parking lots
Hong Kong Portfolio				
Fortune City One	414,469	7,602	97.0%	653
+WOO	665,244	7,325	97.1%	622
Ma On Shan Plaza	310,084	5,274	98.7%	290
Metro Town	180,822	3,393	98.0%	74
Fortune Metropolis	332,168	2,333	84.6%	179
Belvedere Square	276,862	2,279	89.9%	329
Laguna Plaza	163,203	2,212	92.2%	150
Waldorf Avenue	80,842	1,709	99.5%	73
Caribbean Square	63,018	1,160	100%	117
Jubilee Square	170,616	930	96.9%	97
Tsing Yi Square	78,836	775	96.4%	27
Smartland	123,544	766	96.7%	67
Hampton Loft	74,734	319	100%	35
Centre de Laguna	43,000	292	80.6%	N.A
Lido Avenue	9,836	198	100%	N.A
Rhine Avenue	14,604	128	100%	N.A
Singapore Portfolio				
Stars of Kovan Property	22,638	582	100%	80
Total / Overall average	3,024,520	37,277	95.0%	2,793

BUSINESS REVIEW

Hong Kong's economy recorded modest growth in the first half of 2025, with gross domestic product rising by 3.1% year-on-year in the second quarter. Despite this, consumer confidence remained suppressed as macroeconomic uncertainties and geopolitical tension continued to weigh on recovery. While Hong Kong transitions toward a new economy, the retail and food and beverage (“F&B”) sectors are adjusting to the challenges posed by increased outbound travel and online shopping. These structural changes have led to sector consolidations, the fall of several established brands, and more cautious tenant behaviour.

Nevertheless, indication of some gradual easing in the downturn emerged in the second quarter of 2025, as retail sales ended a 14-month slump - rising 2.4% year-on-year in May and 0.7% year-on-year in June. Despite overall retail sales value remained some 20% below pre-pandemic levels, most categories either performed better or experienced smaller declines compared to last year. On the other hand, the F&B sector saw a slight increase of 0.1% in total restaurant receipts for the first half, with fast food outlets outperforming Chinese restaurants.

Amid a soft retail market where tenants were generally conservative about expansions and rent negotiations, the Manager adopted an adaptive leasing strategy, resulting in stable occupancy and high tenant retention, despite some reduction in rental income. During the Reporting Period, leases covering 643,000 sq.ft., or 21% of the total portfolio area, were secured. The tenant retention rate was 82%, indicating steady leasing demand across Fortune Malls. During the first half of 2025, the portfolio's average occupancy improved modestly by 0.9% as compared to the same period of last year. As of 30 June 2025, occupancy rate stood solid at 95.0%. The portfolio recorded negative rental reversion during the Reporting Period, especially in supermarkets, which experienced further rent reductions and weak leasing demand due to ongoing competition and the sector's gloomy outlook. On the other hand, real estate agents saw less negative reversions amid a modest property market recovery. The Manager continued to monitor the impacts of northbound travel and online shopping on different sectors, with ongoing efforts to repurpose underutilised spaces and adjust offerings where appropriate.

Strategic Trade Mix Enhancement to Meet Evolving Market Needs

We regularly refine our tenant mix to align with market trends and consumer preferences. In the first half of 2025, in response to rising demand, we have signed two new fitness centres - one at Centre de Laguna and another at +WOO, where a former kindergarten space has been repurposed. Entertainment options were expanded by adding two large-scale amusement centres – Topsy at +WOO and BulaBula at Fortune Metropolis. Additionally, popular dining concepts, including *Nabego* (*shabu-shabu for one*), the authentic Japanese ramen chain *Bashi Ramen* (一橋拉麵), and the acclaimed local eatery *Fook Kitchen* (尋福記) were introduced to strengthen our F&B lineup.

Targeted Promotional Campaigns to Engage Customers and Drive Sales

Fortune Malls implemented a series of promotions aimed at boosting traffic and tenants' sales, especially during weekends and holidays impacted by outbound travels. In the first half of 2025, two festive campaigns were launched, including Mr. PA New Year Diary (Mr. PA拜年日記) for Chinese New Year and Esther Bunny Blossom Spring Outing (Esther Bunny春日Bun紛郊遊樂) for Easter. The campaigns featured beloved IP characters, creating memorable experiences and photo opportunities for visitors. Additionally, we collaborated with our education tenants to host the “Family Carnival (童樂置趣日)”, weekend events aimed to engage families and kids. To further incentivize visits and spending, we implemented a range of targeted initiatives, including free parking offers, spending rewards, and F&B coupon redemptions, to enhance customer loyalty and satisfaction.

Vibrant environment, diverse offerings and interactive experiences at the malls, complemented by our active online presence through social platforms, have helped to support our business in a soft market. Although footfall saw a slight year-on-year dip of 1.5% in the first half of 2025, signs of improvements emerged in May and June. The Fortune Malls APP continues to engage our customers and build loyalty. In particular, APP membership grew notably by 49% year-on-year with 22% more active members and 28% more membership points redeemed for rewards.

Asset Enhancement at Waldorf Avenue and Laguna Plaza Well On-Track

In 2025, two asset enhancement initiatives (“**AEIs**”) have been identified and launched. They have been progressing well at Waldorf Avenue and Laguna Plaza during the Reporting Period.

Waldorf Avenue, one of Tuen Mun’s busiest retail hubs, continued to attract residents by offering a wide array of daily necessities and convenience services. To elevate the shopping environment, the HK\$9 million AEIs were commenced in February 2025 and were essentially completed in July 2025. The enhancements include an inviting entrance re-design, improved corridor lighting, and upgraded shop signage. The renovation was carefully phased to minimize disruption to tenants, allowing for continued business operations and an uninterrupted customer experience.

Laguna Plaza, serving over 12,000 households in Laguna City and Sceneway Garden, commenced the HK\$32 million AEIs in February 2025, aiming for completion in the fourth quarter of 2025. The renovation involves reconfiguring approximately 26,000 sq.ft. of basement retail space, downsizing the existing supermarket by 40% to 13,500 sq.ft., and introducing new F&B and retail outlets. This strategic enhancement aims to increase the F&B trade mix to 40%, thereby enriching the tenant profile while retaining a large-scale supermarket. This initiative exemplifies our commitment to create value for both tenants and shoppers during challenging times.

OUTLOOK

Looking ahead, Hong Kong’s economic recovery will depend on macroeconomic factors such as geopolitical developments, trade tariffs, and interest rates trend. Retail sector is adapting to structural changes and heightened competition with tentative improvements from the prolonged downturn. The government’s proactive efforts in strengthening Hong Kong as an international hub, attracting global talent and students, promoting tourism, and hosting mega events, are expected to bring new capital and energy to the city. Lower interest rates are contributing to a favourable business environment. Additionally, recent rebounds in the stock and property markets may also foster a wealth effect that could boost consumer confidence and spending.

The Manager will stay agile, focusing on sustainable long-term performance through active portfolio management, disciplined cost and capital management as well as capitalizing on growth opportunities.

EMPLOYEES

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

NEW UNITS ISSUED

As at 30 June 2025, the total number of issued units of Fortune REIT was 2,043,802,228. A total of 11,191,033 new units were issued during the Reporting Period in the following manner:

- On 10 January 2025, 5,738,085 new units were issued to the Manager at the price of HK\$4.012 per unit (being ascribed in the Trust Deed) as payment of 80% of the Manager's base fee of approximately HK\$23.0 million payable by Fortune REIT for the period from 1 October 2024 to 31 December 2024.
- On 3 April 2025, 5,452,948 new units were issued to the Manager at the price of HK\$4.131 per unit (being ascribed in the Trust Deed) as payment of 80% of the Manager's base fee of approximately HK\$22.5 million payable by Fortune REIT for the period from 1 January 2025 to 31 March 2025.

REPURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Period, there was no repurchase, sale or redemption of the units of Fortune REIT by Fortune REIT or its subsidiaries.

CORPORATE GOVERNANCE

With the objective 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 and 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 and for compliance with the applicable Hong Kong regulations and legislation.

Fortune REIT is a real estate investment trust listed on SEHK. Fortune REIT and/or the Manager are subject to the applicable laws, rules and regulations in Hong Kong, including the mandatory disclosure requirements and code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the SEHK.

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

RECORD DATE FOR DISTRIBUTION ENTITLEMENT

For the purpose of determining the distribution entitlement for the interim distribution, the record date will be on Thursday, 21 August 2025. In order to qualify for the interim distribution, all unit certificates with completed transfer forms must be lodged with the unit registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 21 August 2025. The payment of interim distribution will be made to unitholders on Friday, 19 September 2025.

REVIEW OF INTERIM RESULTS

The unaudited interim results of Fortune REIT for the Reporting Period have been reviewed by the Audit Committee and the Disclosures Committee of the Manager, and approved by the board of directors of the Manager on 5 August 2025. The unaudited interim results have also been reviewed by Fortune REIT's 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 the International Auditing and Assurance Standards Board.

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 2025.

ISSUANCE OF 2025 INTERIM REPORT

The 2025 Interim Report of Fortune REIT for the Reporting Period will be published on the websites of SEHK and Fortune REIT and (if requested) dispatched to unitholders on or before 30 September 2025.

By order of the board of directors of
ESR Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
Chiu Yu, Justina
Chief Executive Officer

Hong Kong, 5 August 2025

The Directors of the Manager as at the date of this announcement are Mr. Chui Sing Loi (alias Tsui Sing Loi) as Chairman and Independent Non-executive Director; Dr. Chiu Kwok Hung, Justin, Ms. Yeung, Eirene, Mr. Ma Lai Chee, Gerald and Mr. Shen Jinchu as Non-executive Directors; Ms. Chiu Yu, Justina as Executive Director; Ms. Cheng Ai Phing, Ms. Yeo Annie (alias Yeo May Ann) and Ms. Koh Poh Wah as Independent Non-executive Directors.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	5	854,465	871,778
Property operating expenses	6	(222,863)	(219,106)
Net property income before manager's performance fee		631,602	652,672
Manager's performance fee		(18,953)	(19,583)
Net property income		612,649	633,089
Manager's base fee		(56,039)	(58,119)
Interest income		179	79
Trust expenses		(3,355)	(3,755)
Change in fair value of investment properties	11	(829,747)	(322,872)
Finance costs	7	(325,798)	(210,359)
(Loss)/profit before taxation and transactions with unitholders	8	(602,111)	38,063
Income tax expense	9	(51,250)	(74,457)
Loss for the period, before transactions with unitholders		(653,361)	(36,394)
Distributions to unitholders		(377,056)	(369,516)
Loss for the period, after transactions with unitholders		(1,030,417)	(405,910)
Other comprehensive expense			
Item that may be reclassified to profit or loss:			
Exchange difference arising on translation of a foreign operation		(608)	(45)
Total comprehensive expenses for the period		(1,031,025)	(405,955)
Basic loss per unit (HK cents)	10	(31.96)	(1.80)

Distribution Statement

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period, before transactions with unitholders		(653,361)	(36,394)
Adjustments:			
Manager's base fee		44,831	46,495
Change in fair value of investment properties		829,747	322,872
Change in fair value of derivative financial instruments		152,530	12,211
Non-cash finance costs		17,273	14,180
Deferred tax		(13,964)	10,152
Income available for distribution	(i)	377,056	369,516
Percentage of distribution to unitholders		100%	100%
Distribution to unitholders	(ii)	377,056	369,516
Distribution per unit (HK cents)	(iii)	18.41	18.23

Notes:

- (i) The distribution policy of Fortune REIT is to distribute not less than 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 accordance with the Trust Deed.
- (ii) Distribution amount to unitholders of HK\$377.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$369.5 million), representing a payout ratio of 100% (six months ended 30 June 2024:100%) of Fortune REIT's income available for distribution of HK\$377.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$369.5 million).
- (iii) The distribution per unit of 18.41 HK cents for the six months ended 30 June 2025 is calculated based on the interim distribution to unitholders amount of HK\$377.1 million over 2,048,404,068 units, representing issued units as at 30 June 2025 of 2,043,802,228 units plus the number of units issued after the distribution period to the Manager as settlement of 80% of the Manager's base fee for its services in the second quarter of 2025 of 4,601,840 units. 2025 interim distribution will be paid on 19 September 2025.

The distribution per unit of 18.23 HK cents for the six months ended 30 June 2024 is calculated based on the interim distribution to unitholders amount of HK\$369.5 million over 2,027,306,693 units, representing issued units as at 30 June 2024 of 2,021,226,559 units plus the number of units issued after the distribution period to the Manager as settlement of 80% of the Manager's base fee for its services in the second quarter of 2024 of 6,080,134 units. 2024 interim distribution was paid on 17 September 2024.

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	37,277,331	38,055,878
Derivative financial instruments		64,083	204,635
Total non-current assets		37,341,414	38,260,513
Current assets			
Derivative financial instruments		25,839	6,946
Trade and other receivables	12	87,554	95,332
Cash and cash equivalents		83,269	96,646
Total current assets		196,662	198,924
Total assets		37,538,076	38,459,437
Non-current liabilities			
Derivative financial instruments		34,783	3,912
Borrowings	13	3,271,228	6,516,104
Deferred tax liabilities		683,819	697,783
Total non-current liabilities		3,989,830	7,217,799
Current liabilities			
Trade and other payables	14	647,527	650,860
Borrowings	13	6,540,453	3,295,941
Distribution payable		377,056	353,914
Provision for taxation		38,651	10,170
Total current liabilities		7,603,687	4,310,885
Total liabilities, excluding net assets attributable to unitholders		11,593,517	11,528,684
Net assets attributable to unitholders		25,944,559	26,930,753
Units in issue and to be issued ('000)	15	2,048,404	2,038,349
Net asset value per unit attributable to unitholders (HK\$)	16	12.67	13.21

Notes

(1) General

Fortune Real Estate Investment Trust ("**Fortune REIT**") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). Fortune REIT is governed by the Code on Real Estate Investment Trusts (the "**REIT Code**") issued by the Securities and Futures Commission of Hong Kong (the "**SFC**") and the Trust Deed made between ESR Asset Management (Fortune) Limited (the "**Manager**") and HSBC Institutional Trust Services (Asia) Limited (the "**Trustee**").

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 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 ("**HK\$**"), 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" issued by International Accounting Standards Board ("**IASB**") as well as the relevant disclosure requirements set out in Appendix C of the REIT Code issued by the SFC.

The Manager is of the opinion that, taking into account the headroom of the fair value of investment properties for obtaining additional banking facilities, internal financial resources of the Group and presently available undrawn banking facilities, 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.

(3) Principal Accounting Policies

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

Other than the additional/ change in accounting policies resulting from application of amendments to IFRS Accounting Standards which are pertinent to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

(4) 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.

As at 30 June 2025, The Group owns 16 (31 December 2024: 16) and 1 (31 December 2024:1) investment properties in Hong Kong and Singapore respectively. Revenue and net property income of each property (which constitutes an operating segment) are the measures 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.

For the six months ended 30 June 2025, revenue of HK\$844.1 million (six months ended 30 June 2024: HK\$861.4 million) is attributable to tenants from the Hong Kong investment properties and HK\$10.4 million (six months ended 30 June 2024: HK\$10.4 million) is attributable to tenants from the Singapore investment property. As at 30 June 2025, investment properties of HK\$36,695.0 million (31 December 2024: HK\$37,513.0 million) are located in Hong Kong and HK\$582.3 million (31 December 2024: HK\$542.9 million) in Singapore.

(5) Revenue

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Unaudited)</i>
Revenue arising from operating lease:		
Fixed	658,532	683,876
Variable	5,670	4,690
Charge-out collections	127,151	122,412
Car park revenue	61,643	60,062
Other income	1,469	738
	<u>854,465</u>	<u>871,778</u>

(6) Property operating expenses

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Advertising and promotion	9,301	8,646
Building management expenses	125,154	121,215
Car park operating expenses	17,243	17,456
Government rents and rates	7,758	7,225
Leasing commission and marketing services fee	11,312	11,641
Legal and other professional fees	5,302	5,609
Property management fee	19,895	20,545
Utilities	17,143	17,268
Others	9,755	9,501
	<u>222,863</u>	<u>219,106</u>

(7) Finance costs

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest expenses on bank borrowings	216,452	276,227
Amortisation of front-end fees	9,891	9,879
Commitment fee	852	879
Interest rate swaps income realised	(53,927)	(88,837)
	<u>173,268</u>	<u>198,148</u>
Change in fair value of derivative financial instruments	152,530	12,211
	<u>325,798</u>	<u>210,359</u>

(8) (Loss)/ profit before taxation and transactions with unitholders

(Loss)/ profit before taxation and transactions with unitholders is arrived at after charging/ (crediting):

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Fees to external auditor	1,504	1,504
Fees to internal auditor	225	225
(Reversal of allowance) allowance for credit losses	(80)	480
Valuation fees (paid to principal valuer)	154	154

(9) Income tax expense

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax	65,214	64,305
Deferred taxation	(13,964)	10,152
	<u>51,250</u>	<u>74,457</u>

Fortune REIT's subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at 16.5% (six months ended 30 June 2024: 16.5%). Fortune REIT's subsidiary in Singapore is subject to Singapore income tax at 17% (six months ended 30 June 2024: 17%) for the period.

Deferred tax is provided on temporary differences in relation to accelerated tax depreciation using the current applicable rates.

(10) Loss per unit

Basic loss per unit is calculated by dividing the loss for the six months ended 30 June 2025, before transactions with unitholders of HK\$653.4 million by the weighted average of 2,044,441,943 units outstanding during the period.

Basic loss per unit is calculated by dividing the loss for the six months ended 30 June 2024, before transactions with unitholders of HK\$36.4 million by the weighted average of 2,022,161,088 units outstanding during the period.

No diluted loss 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.

(11) Investment properties

	<i>Fair Value</i>
	<i>HK\$'000</i>
	<i>(Unaudited)</i>
As at 1 January 2025	38,055,878
During the period:	
Capital expenditure incurred in upgrading investment properties	11,747
Change in fair value of investment properties	(829,747)
Exchange adjustments	<u>39,453</u>
As at 30 June 2025	<u>37,277,331</u>

(12) Trade and other receivables

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	41,549	41,759
Less: Allowance for credit losses	(2,598)	(2,678)
	<u>38,951</u>	<u>39,081</u>
Other receivables and prepayments		
Security deposits	25,972	25,740
Interest receivables	11,921	19,248
Other receivables	1,064	1,042
Prepayments	9,646	10,221
	<u>48,603</u>	<u>56,251</u>
	<u>87,554</u>	<u>95,332</u>

The following is an analysis of trade receivables (net of allowance for credit losses) by age, presented based on the invoice date.

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0 - 30 days	36,764	35,394
31 - 90 days	1,082	3,114
Over 90 days	1,105	573
	<u>38,951</u>	<u>39,081</u>

(13) Borrowings

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Unsecured term loans	7,100,000	7,100,000
Unsecured revolving loans	2,739,687	2,749,735
	<u>9,839,687</u>	<u>9,849,735</u>
Less: unamortised front-end fees	(28,006)	(37,690)
	<u>9,811,681</u>	<u>9,812,045</u>
Carrying amount repayable:		
Within one year	6,540,453	3,295,941
More than one year, but not more than two years	1,196,000	3,288,212
More than two years, but not more than five years	2,075,228	3,227,892
	<u>9,811,681</u>	<u>9,812,045</u>
Less: Amount due within one year shown under current liabilities	(6,540,453)	(3,295,941)
	<u>3,271,228</u>	<u>6,516,104</u>

(14) Trade and other payables

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade payables		
Tenants' deposits	438,885	422,712
Rental received in advance	48,599	49,071
	<u>487,484</u>	<u>471,783</u>
Accruals and other payables		
Trustee's fee	787	802
Manager's fees	14,963	12,181
Operating expenses	140,731	162,165
Interest payable	373	318
Others	3,189	3,611
	<u>160,043</u>	<u>179,077</u>
	<u>647,527</u>	<u>650,860</u>

Trade and other payables comprise deposits refundable to tenants upon termination or cancellation of operating lease arrangements. 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\$250.2 million (31 December 2024: HK\$243.0 million) as at 30 June 2025.

(15) Units in issue and to be issued

	Number of units '000	HK\$'000
Balance as at 1 January 2024	2,014,670	8,717,238
Issue of new units during the year:		
As payment of Manager's base fee for the period from 1 January to 30 September 2024	<u>17,941</u>	<u>69,931</u>
Balance in issue as at 31 December 2024	2,032,611	8,787,169
Issue of new units during the year:		
As payment of Manager's base fee for the period from 1 October to 31 December 2024	<u>5,738</u>	<u>23,021</u>
Balance as at 31 December 2024	2,038,349	8,810,190
Issue of new units during the period:		
As payment of Manager's base fee for the period from 1 January to 31 March 2025	<u>5,453</u>	<u>22,526</u>
Balance in issue as at 30 June 2025	2,043,802	8,832,716
New units to be issued:		
As payment of Manager's base fee for the period from 1 April to 30 June 2025	<u>4,602</u>	<u>22,305</u>
Balance as at 30 June 2025	<u>2,048,404</u>	<u>8,855,021</u>

(16) Net asset value per unit attributable to unitholders

Net asset value per unit as at 30 June 2025 is calculated based on the net assets attributable to unitholders of the Group of HK\$25,944.6 million (31 December 2024: HK\$26,930.8 million) and the total number of 2,048,404,068 units (31 December 2024: 2,038,349,280 units) in issue and to be issued, including the new units to be issued as payment of Manager's base fee.

(17) Net current liabilities and total assets less current liabilities

As at 30 June 2025, the Group's net current liabilities, defined as current liabilities less current assets, amounted to HK\$7,407.0 million (31 December 2024: HK\$4,112.0 million).

As at 30 June 2025, the Group's total assets less current liabilities amounted to HK\$29,934.4 million (31 December 2024: HK\$34,148.6 million).