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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**

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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, Fortune Metropolis, Laguna Plaza, Belvedere Square, Waldorf Avenue, Caribbean Square, Jubilee Square, Tsing Yi Square, Smartland, Centre de Laguna, Hampton Loft, 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 audited results of Fortune REIT for the year ended 31 December 2025 (the “**Reporting Year**” or “**FY2025**”) as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2025	Year ended 31 December 2024	% change
Revenue (HK\$ million)	1,682.4	1,746.3	-3.7%
Net property income (HK\$ million)	1,188.1	1,253.3	-5.2%
Income available for distribution (HK\$ million)	722.9	723.4	-0.1%
Distribution per unit (“ DPU ”) (HK cents)	35.22	35.59	-1.0%
Cost-to-revenue ratio	27.2%	26.0%	+1.2%
	As at 31 December 2025	As at 31 December 2024	% change
Property valuation (HK\$ million)	36,524	38,056	-4.0%
Net asset value per unit (HK\$)	12.22	13.21	-7.5%
Gearing ratio ⁽¹⁾	26.9%	25.6%	+1.3%

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 2025, Hong Kong’s retail property sector encountered significant challenges due to changing consumer trends and continued pressures from the transition to the new economy. Fortune REIT responded to these market headwinds by maintaining operational discipline and prioritising portfolio resilience, while proactively adapting to evolving industry conditions.

Fortune REIT reported a gross revenue of HK\$1,682.4 million for the Reporting Year (2024: HK\$1,746.3 million), a decrease of 3.7% year-on-year. The decline was mainly attributed to negative rental reversion from supermarkets and real estate agents. The revenue decline worsened in second half of 2025, as rent reductions carried over from previous periods were fully captured, compounded by larger rent cuts from major supermarkets lease renewals concentrated in the third quarter. Overall, the shortfall in base rental was partially offset by higher charge-out income, carpark income and turnover rental.

Total property operating expenses (excluding the Manager’s performance fee) increased by 0.7% year-on-year to HK\$457.5 million (2024: HK\$454.2 million). This modest rise was achieved through enhanced cost control measures in the second half of 2025, which helped partly offset a 1.7% increase recorded in the first half. Overall, building management expenses were higher due to increased staff costs and more expensive service contracts, while leasing commission also grew as more leases were signed compared to 2024. Meanwhile, electricity usage fell 3.5% owing to disciplined monitoring and control, limiting utilities expense growth to 0.6%.

Accordingly, net property income for the Reporting Year decreased by 5.2% year-on-year to HK\$1,188.1 million (2024: HK\$1,253.3 million) and the cost-to-revenue ratio was 27.2% (2024: 26.0%).

Finance costs (excluding changes in fair value of derivative financial instruments) fell 14.4% year-on-year to HK\$339.9 million (2024: HK\$396.9 million), primarily due to lower short-term HIBORs. The saving was however partly offset by cost from new interest rate swaps (“**IRS**”) at higher fixed rates to maintain a 50% hedging ratio. From May through mid-August 2025, ample Hong Kong dollar liquidity resulted in a significant reduction in 1-month HIBOR, occasionally falling below 1%. Although rates subsequently rebounded and normalized, the average 1-month HIBOR in the second half remained comparatively lower, further reducing the finance costs. Consequently, the effective borrowing cost fell to 3.5% for the Reporting Year (2024: 4.0%).

Income available for distribution for the Reporting Year was stable at HK\$722.9 million (2024: HK\$723.4 million), as interest cost savings offset lower net property income. The full year DPU fell 1.0% year-on-year to 35.22 HK cents (2024: 35.59 HK cents) with a 100% payout ratio (2024: 100%). Based on the closing unit price of HK\$4.89 as at 31 December 2025, the full year DPU implied a distribution yield of 7.2%.

The final DPU of 16.81 HK cents for the year ended 31 December 2025 will be paid on 24 April 2026 to Unitholders whose names appear on the register of Unitholders of Fortune REIT as at 27 March 2026.

Capital Management

Fortune REIT’s balance sheet remained sound. As at 31 December 2025, the gearing ratio stayed at a healthy level of 26.9% (2024: 25.6%), while gross liability as a percentage of gross assets was 31.6% (2024: 30.0%).

During the Reporting Year, Fortune REIT actively managed interest-rate risk and debt maturity profiles. New IRS contracts were secured after previous contracts expired in the first half of 2025. As at 31 December 2025, the fixed rate debt ratio stood at 50% (2024: 55%), balancing protection and hedging costs. In addition, sustainability-linked loans of HK\$2,500 million have been obtained from six leading banks to refinance the debt maturing in October 2025, improving the overall loan maturities profile. As at 31 December 2025, total loan facilities drawn down amounted to HK\$9,901.9 million (2024: HK\$9,849.7 million).

Fortune REIT possesses sufficient resources to meet its financial commitments and working capital requirements. As at 31 December 2025, available liquidity amounted to HK\$668.7 million (2024: HK\$718.3 million), comprising committed but undrawn facilities of HK\$603.0 million (2024: HK\$621.7 million) and bank deposits of HK\$65.7 million (2024: HK\$96.6 million).

Net asset value per unit amounted to HK\$12.22 as at 31 December 2025 (2024: HK\$13.21)

Portfolio Valuation

As at 31 December 2025, the total value of Fortune REIT’s investment properties fell 4.0% year-on-year to HK\$36,524 million (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 31 December 2025, Fortune REIT owns a geographically diverse portfolio of 16 and 1 retail properties in Hong Kong and Singapore respectively, comprising approximately 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	7,320	96.3%	653
+WOO	665,244	7,265	98.7%	622
Ma On Shan Plaza	310,084	5,148	99.1%	290
Metro Town	180,822	3,314	98.7%	74
Fortune Metropolis	332,168	2,319	84.5%	179
Laguna Plaza	163,203	2,212	96.0%	150
Belvedere Square	276,862	2,225	91.7%	329
Waldorf Avenue	80,842	1,677	100%	73
Caribbean Square	63,018	1,126	100%	117
Jubilee Square	170,616	908	100%	97
Tsing Yi Square	78,836	769	96.4%	27
Smartland	123,544	748	96.3%	67
Centre de Laguna	43,000	289	81.7%	N.A
Hampton Loft	74,734	311	100%	35
Lido Avenue	9,836	190	100%	N.A
Rhine Avenue	14,604	128	100%	N.A
Singapore Portfolio				
Stars of Kovan Property	22,638	575	100%	80
Total / Overall average	3,024,520	36,524	95.8%	2,793

BUSINESS REVIEW

Hong Kong's macroeconomic environment strengthened in 2025, with real GDP growing by 3.5% and market sentiment improving. The capital markets revived, reclaiming the global top spot in IPO fundraising, while major stock indices posted strong gains. The housing market also saw an uptick in both prices and transaction volumes, fuelled by lower interest rates and rising demand from an influx of talent. Consumer confidence gradually recovered, underpinned by a 12% growth in visitor arrivals, stable macroeconomic conditions, and positive wealth effects. Retail sales value increased by 1% in 2025, marking eight straight months of growth from May onwards.

Although headline retail sales demonstrated clear improvement, this has yet to translate into stronger retail rents, as tenants remained cautious and focused on operational adjustments during Hong Kong's ongoing economic transition. The recovery has also been uneven, with certain sectors more affected by persistent headwinds such as outbound travel and heightened online competition. Nevertheless, retailers and operators that proactively adapted to market changes began to benefit from improving consumer sentiment and stronger market momentum, which is expected to bolster their confidence in pursuing future growth – an optimism that was largely absent during the early stages of recovery.

In 2025, leases were signed for a total of 1.3 million sq.ft., accounting for 41.7% of the overall portfolio area. Rental reversion was negative, with supermarkets experiencing notably larger reductions as rents normalized from pandemic-era peaks. Most supermarket leases underwent significant mark-downs during the Reporting Year, aimed at keeping occupancy costs under control and supporting sustainable long-term business operations. With two more supermarket leases due for renewal in 2026 and rent adjustments anticipated, the adverse impact from this segment is expected to ease gradually beyond 2026. Conversely, real estate agents reported less negative rental reversions compared to last year, supported by the steady recovery in the property market. Despite some trade-offs in rent, our proactive and flexible leasing strategy resulted a robust tenant retention rate of 83%, while portfolio occupancy reached 95.8% as at 31 December 2025, up from 95.0% the prior year.

Recently, signs of improved leasing momentum have emerged, with +WOO's occupancy climbing further to 98.7%, marking its highest level over the past decade. Waldorf Avenue and Laguna Plaza, both completing asset enhancement initiatives (“AEIs”) in the second half of 2025, also attracted good interests, achieving occupancy rates of 100% and 96.0%, respectively. These results highlight the enduring appeal and sustained demand for the Fortune Malls' portfolio.

Strategic Trade Mix Enhancement

To stay relevant in an evolving retail landscape, we actively refined tenant mix by strengthening F&B, wellness, and experiential offerings to draw and engage visitors.

Our F&B options now feature a diverse range of well-known and popular concepts, reinforcing F&B as a key draw in our neighbourhood malls. New additions include both quick-service and specialty dining such as **Dough Bros** (famous for high-quality sourdough pizzas and doughnuts), **Sukiya** (食其家, Japan's leading gyudon chain), **NabeGo** (serving Japanese shabu-shabu for individual diners), **Yuen Kee Dumplings** (袁記雲餃, a renowned Chinese handmade dumpling chain), as well as notable homegrown brands like **Fook Kitchen** (尋福記), **White Curry Company** (白咖喱公司) and **Yun Chuan Rice Noodles** (雲川米綫). Our beverage selection has also expanded to include with **Luckin Coffee** (瑞幸咖啡), **Wanbo Teashop** (萬波島嶼紅茶) and **Kung Fu Tea** (手作功夫茶).

Our experiential offerings grew in the Reporting Year, taking up 26% more space compared to last year. We opened three more fitness centres, bringing the portfolio to seven in total. Centre de Laguna debuted an around-the-clock **24/7 Fitness** to the neighbourhood, while +WOO introduced both a **24/7 Fitness** and an **Anytime Fitness** in repurposed spaces formerly occupied by a kindergarten and a supermarket. Stars of Kovan Property likewise added a new Pilates studio. Besides, we enriched our entertainment mix with flagship claw-machine stores like **Topsy** at +WOO and **Bula Bula** at Fortune Metropolis, as well as pachinko arcades. Together, these wellness and family-oriented anchors have boosted footfall and added more vibrancy to Fortune Malls.

Customer Engagement Through Targeted Campaigns

Targeted marketing campaigns remained integral to strengthening customer engagement and supporting tenants' businesses. During the Reporting Year, four major festival campaigns — Mr. PA's New Year Diary (Mr. PA 拜年日記) for Chinese New Year, Esther Bunny Blossom Spring Outing (Esther Bunny 春 Bun 紛郊遊樂) for Easter, MUZIK TIGER Summer Beach Vacation (MUZIK TIGER 灘住放暑假) for summer and Plastic Thing MERRY EAT~MAS (Plastic Thing 為食聖誕) for Christmas — brought popular IP characters, immersive decorations, gift redemptions, lucky draws and live stage performances to Fortune Malls. These initiatives created memorable experiences and sustained foot traffic. Additional thematic promotions and spending rewards drove business for sectors such as education, F&B, and wet market; while tactical initiatives such as free parking and coupon redemptions further incentivised visits, particularly during weekends and holidays.

In 2025, the Fortune Malls App achieved remarkable growth in usage and helped underpin overall portfolio resilience by strengthening customer loyalty, supporting tenant sales, and sustaining vibrant mall activity throughout the year. In particular, app membership surged by 40%, with active users up 21%, and registered spending increased by 12%. The e-voucher redemption rose by over 14%, underscoring its impact in driving repeat visits and purchases. Enhanced app features enabled users to access exclusive offers, participate in targeted promotions, and conveniently redeem rewards, all of which contributed to a more personalised and engaging shopping journey.

By leveraging social media and digital channels alongside the app, Fortune Malls was able to amplify campaign reach, engage a broader audience, and sustain steady traffic even amid shifting consumption patterns. For instance, Fortune Malls only saw a modest decline of 1.8% in footfall despite a 13% increase in outbound travels in 2025.

Asset Enhancements at Waldorf Avenue and Laguna Plaza

In 2025, we completed two AEs at Waldorf Avenue and Laguna Plaza.

Waldorf Avenue, one of Tuen Mun's busiest retail hubs, continues to draw residents with its well-rounded mix of daily necessities and convenience services. The HK\$9 million AEs, completed in July 2025, elevated the Avenue's appeal through a refreshed entrance, improved corridor lighting and upgraded shop signage. These enhancements have strengthened the overall shopping experience, contributing to Waldorf Avenue's full occupancy as at 31 December 2025.

At Laguna Plaza, the HK\$32 million AEs were completed in December 2025, reconfiguring over 26,000 sq.ft. of basement retail space and reducing the supermarket by 34% to broaden retail and F&B offerings. By year-end, the occupancy at Laguna Plaza had improved to 96.0% as we successfully leased the former supermarket area to three new tenants, including a large lifestyle speciality store, a beauty salon, and a restaurant. Alongside the AEs, we also refined the overall trade mix in the greater Laguna area. Three new F&B outlets were introduced on the ground floor of Laguna Plaza, raising the F&B mix to 39%. Additionally, a new 24/7 Fitness opened at Centre de Laguna nearby, drawing more visitors and benefiting other tenants in the vicinity.

OUTLOOK

Looking ahead, Hong Kong's retail sector is poised to navigate ongoing structural transformation amidst a stabilising economic backdrop. The recent easing of Sino-U.S. trade tensions and a steady local recovery are contributing to improved operating environment. Positive momentum is being driven by lower interest rates, increasing population due to talent and student inflows, rising tourism, and renewed activities in stock and property markets. These factors are expected to strengthen local consumption and present new opportunities, particularly through increased interest from Mainland F&B brands, wellness, and experiential operators.

The Manager will remain agile, focusing on proactive asset enhancement, disciplined cost and balance sheet management, and sustainable long-term performance. By leveraging digital engagement and ongoing operational upgrades, we aim to sustain portfolio vibrancy and capitalise on emerging growth opportunities as they arise.

SUSTAINABILITY

In 2025, we accelerated our sustainability agenda by turning strategic priorities into measurable outcomes. In alignment with our commitment to the Science Based Targets initiative, we advanced initiatives that reduce environmental impact and enhance community value across our malls. Key achievements include:

- **Operational upgrades and energy efficiency** – Ongoing investments in LED lighting, energy efficient chillers and escalators, along with enhanced utilities management through our Building Management and Optimization System, have driven further energy savings. Overall energy intensity was reduced by 27% compared with the 2019 baseline.
- **Renewable energy adoption** - We expanded our low-carbon infrastructure with the installation of 279 additional solar panels, bringing the total to approximately 1,500 panels across the portfolio. These panels generated 377,019 KWh of renewable energy and are estimated to avoid 154 tonnes of GHG emissions under the Feed-in Tariff scheme.
- **Enhancing climate resilience** – We strengthened climate resilience measures by deploying sandbags, Internet of Things (IoT) water level sensors, and enhanced emergency response procedures, mitigating risks and limiting damage exposure during extreme weather events.
- **Comprehensive food waste management** – Installation of smart food waste pretreatment systems at two malls and comprehensive collection efforts enabled us to divert 354.2 tonnes of food waste, avoiding approximately 181 tonnes of GHG emissions.
- **Promoting sustainable mobility** - Our electric vehicle charging network expanded to an eighth mall, supporting the transition to cleaner transportation.

Our strong commitment to sustainability and responsible business practices has been consistently recognized. In 2025, we attained a fifth consecutive 5-star rating in Global Real Estate Sustainability Benchmark assessment, maintaining our top position in the Eastern Asia Listed Retail category. We also remained a constituent of the Hang Seng Corporate Sustainability Benchmark Index for the ninth year. In addition, we were honoured with two distinguished awards – the Corporate Governance Excellence Award and an Honourable Mention for ESG Excellence – conferred by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University.

EMPLOYEES

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

NEW UNITS ISSUED

As at 31 December 2025, the total number of issued units of Fortune REIT was 2,052,860,538. A total of 20,249,343 new units were issued during the Reporting Year 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.
- On 4 July 2025, 4,601,840 new units were issued to the Manager at the price of HK\$4.847 per unit (being ascribed in the Trust Deed) as payment of 80% of the Manager's base fee of approximately HK\$22.3 million payable by Fortune REIT for the period from 1 April 2025 to 30 June 2025.
- On 10 October 2025, 4,456,470 new units were issued to the Manager at the price of HK\$5.059 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 July 2025 to 30 September 2025.

REPURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Year, 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 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 Year.

RECORD DATE FOR DISTRIBUTION ENTITLEMENT

For the purpose of determining the distribution entitlement for the final distribution, the record date will be on Friday, 27 March 2026. In order to qualify for the final 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 Friday, 27 March 2026. The payment of final distribution will be made to unitholders on Friday, 24 April 2026.

REVIEW OF FINAL RESULTS

The final results of Fortune REIT for the Reporting Year have been reviewed by the Audit Committee and the Disclosures Committee of the Manager, and approved by the Board on 10 March 2026.

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 31 December 2025.

ISSUANCE OF ANNUAL REPORT 2025

The 2025 Annual Report of Fortune REIT for the Reporting Year will be published on the websites of SEHK and Fortune REIT and (if requested) dispatched to unitholders on or before 30 April 2026.

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, 10 March 2026

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. Yeo Annie (alias Yeo May Ann), Ms. Koh Poh Wah and Mr. Edmund Ho as Independent Non-executive Directors.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	1,682,352	1,746,262
Property operating expenses	6	<u>(457,462)</u>	<u>(454,183)</u>
Net property income before manager's performance fee		1,224,890	1,292,079
Manager's performance fee		<u>(36,753)</u>	<u>(38,773)</u>
Net property income		1,188,137	1,253,306
Manager's base fee		(111,839)	(116,190)
Interest income		202	357
Trust expenses		(6,483)	(7,051)
Change in fair value of investment properties	11	(1,602,084)	(1,011,039)
Finance costs	7	<u>(504,607)</u>	<u>(501,745)</u>
Loss before taxation and transactions with unitholders	8	(1,036,674)	(382,362)
Income tax expense	9	<u>(120,538)</u>	<u>(136,613)</u>
Loss for the year, before transactions with unitholders		(1,157,212)	(518,975)
Distributions to unitholders		<u>(722,916)</u>	<u>(723,430)</u>
Loss for the year, after transactions with unitholders		(1,880,128)	(1,242,405)
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange difference arising on translation of foreign operation		<u>(465)</u>	<u>106</u>
Net comprehensive expense for the year		<u>(1,880,593)</u>	<u>(1,242,299)</u>
Basic loss per unit (HK cents)	10	<u>(56.47)</u>	<u>(25.59)</u>

Distribution Statement

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year, before transactions with unitholders		(1,157,212)	(518,975)
Adjustments:			
Manager's base fee paid/payable in units		89,471	92,952
Change in fair value of investment properties		1,602,084	1,011,039
Change in fair value of derivative financial instruments		164,711	104,825
Non-cash finance costs		28,721	23,094
Deferred tax		(4,859)	10,495
Income available for distribution	(i)	722,916	723,430
Distributions to unitholders			
Interim distribution		377,056	369,516
Final distribution		345,860	353,914
		722,916	723,430
Payout ratio	(ii)	100%	100%
Distribution per unit (HK cents)			
Interim distribution per unit	(iii)	18.41	18.23
Final distribution per unit	(iv)	16.81	17.36
		35.22	35.59

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 the Trust Deed.
- (ii) Distribution amount to unitholders of HK\$722.9 million for the year ended 31 December 2025 (2024: HK\$723.4 million), representing a payout ratio of 100% (2024: 100%) of Fortune REIT's income available for distribution of HK\$722.9 million for the year ended 31 December 2025 (2024: HK\$723.4 million).
- (iii) The distribution per unit of 18.41 HK cents for the six months ended 30 June 2025 (six months ended 30 June 2024: 18.23 HK cents) was calculated based on the interim distribution to unitholders of HK\$377.1 million (six months ended 30 June 2024: HK\$369.5 million) over 2,048,404,068 units (30 June 2024: 2,027,306,693 units), represented issued units as at 30 June 2025 of 2,043,802,228 units (30 June 2024: 2,021,226,559 units) plus the number of units issued after the distribution period to the Manager as payment of 80% of the Manager's base fee for its services in the second quarter of 2025 of 4,601,840 units (second quarter of 2024: payment of 80% of the Manager's base fee of 6,080,134 units). Interim distribution was paid on 19 September 2025 (2024 interim distribution: 17 September 2024).

- (iv) The distribution per unit of 16.81 HK cents for the six months ended 31 December 2025 (six months ended 31 December 2024: 17.36 HK cents) is calculated based on the final distribution to unitholders of HK\$345.9 million (six months ended 31 December 2024: HK\$353.9 million) over 2,057,378,795 units (31 December 2024: 2,038,349,280 units), representing issued units as at 31 December 2025 of 2,052,860,538 units (31 December 2024: 2,032,611,195 units) plus the number of units issued after the distribution period to the Manager as payment of 80% of the Manager's base fee for its services in the fourth quarter of 2025 of 4,518,257 units (fourth quarter of 2024: payment of 80% of the Manager's base fee of 5,738,085 units). Final distribution will be paid on 24 April 2026 (2024 final distribution: 25 April 2025).

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	36,523,608	38,055,878
Derivative financial instruments		40,750	204,635
Total non-current assets		36,564,358	38,260,513
Current assets			
Derivative financial instruments		28,592	6,946
Trade and other receivables	12	86,994	95,332
Cash and cash equivalents		65,738	96,646
Total current assets		181,324	198,924
Total assets		36,745,682	38,459,437
Non-current liabilities			
Derivative financial instruments		26,384	3,912
Borrowings	13	5,744,990	6,516,104
Deferred tax liabilities		692,924	697,783
Total non-current liabilities		6,464,298	7,217,799
Current liabilities			
Trade and other payables	14	657,508	650,860
Borrowings	13	4,115,812	3,295,941
Distribution payable		345,860	353,914
Provision for taxation		22,573	10,170
Total current liabilities		5,141,753	4,310,885
Total liabilities, excluding net assets attributable to unitholders		11,606,051	11,528,684
Net assets attributable to unitholders		25,139,631	26,930,753
Units in issue and to be issued ('000)	15	2,057,379	2,038,349
Net asset value per unit attributable to unitholders (HK\$)	16	12.22	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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of Fortune REIT.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”), and are drawn up in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK, the relevant provisions of the Trust Deed and the REIT Code issued by SFC.

The consolidated financial statements have been prepared on historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values at the end of each reporting period.

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 consolidated financial statements have been prepared on a going concern basis.

(3) Principal Accounting Policies

Other than changes in accounting policies resulting from application of new and amendments to IFRS Accounting Standard, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standard issued by the International Accounting Standards Board (“**IASB**”) for the first time, which is mandatorily effective for annual period beginning on or after 1 January 2025 for the preparation of the Group’s consolidated financial statements.

Amendments to IAS 21 Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued and are pertinent to its operations but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

The Manager anticipates that the application of the above amendments to IFRS Accounting Standards that is not yet effective will have no material impact on the Group's consolidated financial statements in the foreseeable future.

(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 Manager, in order to allocate resources to segments and to assess their performance.

The Group owns 16 (2024: 16) and 1 (2024: 1) investment properties as at 31 December 2025 which are located 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 year ended 31 December 2025, revenue of HK\$1,661.9 million (2024: HK\$1,725.5 million) is attributable to tenants from the Hong Kong investment properties and HK\$20.5 million (2024: HK\$20.8 million) is attributable to tenants from the Singapore investment property. As at 31 December 2025, investment properties of HK\$35,949.0 million (2024: HK\$37,513.0 million) are located in Hong Kong and HK\$574.6 million (2024: HK\$542.9 million) in Singapore.

(5) Revenue

	2025 HK\$'000	2024 HK\$'000
Revenue arising from operating leases:		
Fixed	1,288,878	1,361,651
Variable	12,061	10,247
Charge-out collections	254,711	245,350
Car park revenue	123,245	122,799
Other income	3,457	6,215
	<u>1,682,352</u>	<u>1,746,262</u>

(6) Property operating expenses

	2025 HK\$'000	2024 HK\$'000
Advertising and promotion	14,568	14,746
Building management expenses	251,250	248,662
Car park operating expenses	34,887	35,813
Government rents and rates	16,749	15,144
Leasing commission and marketing services fee	26,575	23,626
Legal and other professional fees	6,128	7,296
Property management fee	38,984	41,122
Utilities	44,253	44,010
Others	24,068	23,764
	<u>457,462</u>	<u>454,183</u>

(7) Finance costs

	2025 HK\$'000	2024 HK\$'000
Interest expenses on bank borrowings	393,140	541,129
Amortisation of front-end fees	19,796	19,766
Commitment fee	1,660	1,811
Interest rate swaps income realised	(74,700)	(165,786)
	<u>339,896</u>	<u>396,920</u>
Change in fair value of derivative financial instruments	164,711	104,825
	<u>504,607</u>	<u>501,745</u>

(8) Loss before taxation and transactions with unitholders

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

	2025 HK\$'000	2024 HK\$'000
Fees to external auditor	2,890	3,132
Fees to internal auditor	450	450
Allowance for credit losses	72	341
Valuation fees (paid to principal valuer)	520	520
	<u>4,932</u>	<u>4,443</u>

(9) Income tax expense

	2025 HK\$'000	2024 HK\$'000
Current tax:		
- Hong Kong	123,991	126,138
- Under (over) provision in prior years	1,406	(20)
	<u>125,397</u>	<u>126,118</u>
Deferred tax:		
- Current year	(3,423)	10,535
- Over provision in prior years	(1,436)	(40)
	<u>(4,859)</u>	<u>10,495</u>
	<u>120,538</u>	<u>136,613</u>

Fortune REIT's subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at 16.5% (2024: 16.5%) for the year ended 31 December 2025. Fortune REIT's subsidiary in Singapore is subject to Singapore income tax at 17% (2024: 17%) for the year ended 31 December 2025.

(10) Loss per unit

Basic loss per unit for the year ended 31 December 2025 is calculated by dividing the loss before transactions with unitholders of HK\$1,157.2 million by the weighted average of 2,049,070,734 units outstanding during the year.

Basic loss per unit for the year ended 31 December 2024 is calculated by dividing the loss before transactions with unitholders of HK\$519.0 million by the weighted average of 2,027,931,919 units outstanding during the year.

No diluted loss per unit is presented as there are no potential units in issue during the financial year nor outstanding as at the end of the financial year which would result in issuance of potential units.

(11) Investment properties

	2025 HK\$'000	2024 HK\$'000
Fair Value		
At beginning of year	38,055,878	38,997,280
During the year:		
Capital expenditure incurred in upgrading investment properties	38,084	85,039
Change in fair value of investment properties	(1,602,084)	(1,011,039)
Exchange adjustments	31,730	(15,402)
At end of year	<u>36,523,608</u>	<u>38,055,878</u>

(12) Trade and other receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables	40,863	41,759
Less: allowance for credit losses	<u>(2,076)</u>	<u>(2,678)</u>
	38,787	39,081
Other receivables and prepayments		
Security deposits	25,972	25,740
Interest receivable	10,382	19,248
Other receivables	1,087	1,042
Prepayments	<u>10,766</u>	<u>10,221</u>
	48,207	56,251
	<u>86,994</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.

	2025 HK\$'000	2024 HK\$'000
0 - 30 days	37,338	35,394
31 - 90 days	1,018	3,114
Over 90 days	431	573
	<u>38,787</u>	<u>39,081</u>

(13) Borrowings

	2025 HK\$'000	2024 HK\$'000
Unsecured term loans	6,500,000	7,100,000
Unsecured revolving loans	<u>3,401,866</u>	<u>2,749,735</u>
	9,901,866	9,849,735
Less: unamortised front-end fees	<u>(41,064)</u>	<u>(37,690)</u>
	<u>9,860,802</u>	<u>9,812,045</u>
Carrying amount repayable:		
Within one year	4,115,812	3,295,941
More than one year, but not more than two years	1,197,200	3,288,212
More than two years, but not more than five years	<u>4,547,790</u>	<u>3,227,892</u>
	9,860,802	9,812,045
Less: Amount due within one year shown under current liabilities	<u>(4,115,812)</u>	<u>(3,295,941)</u>
	<u>5,744,990</u>	<u>6,516,104</u>

(14) Trade and other payables

	2025 HK\$'000	2024 HK\$'000
Trade payables		
Tenants' deposits	421,247	422,712
Rental received in advance	<u>54,577</u>	<u>49,071</u>
	475,824	471,783
Accruals and other payables		
Trustee's fee	770	802
Manager's fee	26,433	12,181
Operating expenses	150,114	162,165
Interest payable	377	318
Others	<u>3,990</u>	<u>3,611</u>
	181,684	179,077
	<u>657,508</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 Reporting Year based on lease term amounted to HK\$257.8 million (2024: HK\$243.0 million) as at 31 December 2025.

(15) Units in issue and to be issued

	<i>Number of units</i> <i>'000</i>	<i>HK\$'000</i>
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	17,941	69,931
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	5,738	23,021
Balance as at 31 December 2024	2,038,349	8,810,190
Issue of new units during the year:		
As payment of Manager's base fee for the period from 1 January to 30 September 2025	14,512	67,377
Balance in issue as at 31 December 2025	2,052,861	8,877,567
New units to be issued:		
As payment of Manager's base fee for the period from 1 October to 31 December 2025	4,518	22,094
Balance as at 31 December 2025	2,057,379	8,899,661

(16) Net asset value per unit attributable to unitholders

Net asset value per unit is calculated based on the net assets attributable to unitholders of the Group of HK\$25,139.6 million (2024: HK\$26,930.8 million) and the total number of 2,057,378,795 (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 31 December 2025, the Group's net current liabilities, defined as current liabilities less current assets, amounted to HK\$4,960.4 million (2024: HK\$4,112.0 million).

As at 31 December 2025, the Group's total assets less current liabilities amounted to HK\$31,603.9 million (2024: HK\$34,148.6 million).