

Press Release

Fortune REIT records 16 years of sustainable growth AEIs at +WOO yielded positive return

*7.2% portfolio rental reversion
Attractive dividend yield of 5.6%¹*

Financial Results Overview

	For the Year Ended 31 December		
	2019	2018	% Change
Revenue (HK\$ million)	1,959.7	1,940.1	+1.0%
Net property income (HK\$ million)	1,480.9	1,471.8	+0.6%
Income available for distribution (HK\$ million)	993.8	986.2	+0.8%
Distribution per unit (HK cents)	51.28	51.28	-

4 February 2020. ARA Asset Management (Fortune) Limited (the “Manager”), the manager of Fortune Real Estate Investment Trust (“Fortune REIT”; SEHK: 778), is pleased to announce the financial results of Fortune REIT for the year ended 31 December 2019 (“FY2019” or the “Reporting Year”).

Sixteen years of sustainable growth. Fortune REIT delivered a steady set of results for FY2019, with revenue and net property income rising by 1.0% and 0.6% year-on-year to HK\$1,959.7 million (2018: HK\$1,940.1 million) and HK\$1,480.9 million (2018: HK\$1,471.8 million) respectively. The growth mainly reflected the increased rental from +WOO following a major renovation at Phase 1, a higher average portfolio occupancy, as well as positive rental reversions for the overall portfolio.

For the Reporting Year, income available for distribution was HK\$993.8 million (2018: HK\$986.2 million), an increase of 0.8% year-on-year. Accordingly, the FY2019 distribution per unit (“DPU”) was 51.28 HK cents (2018: 51.28 HK cents), which represented a distribution yield of 5.6%¹.

Satisfactory operational performance. Thanks to Fortune REIT’s necessity-focused tenant mix and proactive leasing strategy, the business at Fortune Malls remained resilient despite the weaker domestic demand as well as headwinds from economic and social factors. Our proactive leasing efforts during the first half of 2019 successfully brought the portfolio occupancy up to a high level of 97.4% as at end of June 2019, which eventually enabled us to withstand the market challenges in the second half of 2019. Portfolio occupancy was sustained at 96.9% as at 31 December 2019. Rental reversion for FY2019 recorded a healthy 7.2% while tenant retention remained strong at 77%, reflecting Fortune Malls as tenants’ preferred place for business.

¹Based on the closing unit price of HK\$9.09 as at 31 December 2019.

Press Release

AEIs at +WOO yielded positive return. The completion of the HK\$150 million AEIs at +WOO Phase 1 has yielded a positive return, adding to Fortune REIT's successful AEIs track record. +WOO now provides enriched offerings in retail, food and beverages, household products and education services. Together with a new branding image, an upbeat ambience and upgraded amenities at Phase 1, +WOO is set to bring a new shopping experience. Meanwhile, the AEIs at +WOO Phase 2 are currently under planning stage and expected to further strengthen +WOO's position as the leading one-stop leisure and shopping destination in Tin Shui Wai.

Ms. Justina Chiu, Chief Executive Officer of the Manager, said, "Notwithstanding the retail downturn caused by the local social incidents in Hong Kong since June 2019, Fortune REIT has succeeded in achieving another year of revenue growth due to its resilient portfolio of neighborhood malls under the well-established Fortune Malls' brand. Looking ahead, we remain focused on our long-term goals and sustainable development by continuously exploring acquisition opportunities and potential AEIs to add value to Fortune Malls".

-End-

Press Release

About Fortune REIT. Fortune Real Estate Investment Trust (“Fortune REIT”) is a real estate investment trust constituted by a Trust Deed dated 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 and is the first REIT to hold assets in Hong Kong.

Fortune REIT currently holds a portfolio of 16 private housing estate retail properties in Hong Kong, comprising of 3 million sq. ft. of retail space and 2,713 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 and Rhine Avenue. They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. More information can be found at www.fortunereit.com.

About ARA Asset Management (Fortune) Limited, the Manager. Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, a premier global integrated real assets fund manager driven by a vision to be the best-in-class real assets fund management company. More information can be found at www.ara-group.com.

Disclaimer. The information contained in this press release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for Units or related financial instruments in Fortune REIT in Hong Kong or any other jurisdiction.

Media and investor contacts

ARA Asset Management (Fortune) Limited

Justina Chiu
Chief Executive Officer
JustinaChiu@ara-group.com

Jenny Hung
Director, Investments and Investor Relations
JennyHung@ara-group.com

Jimmy Ong
Assistant Manager, Investor Relations and Research
JimmyOng@ara-group.com

Strategic Financial Relations Limited

Mandy Go
mandy.go@sprg.com.hk
+852 2864 4812

Maggie Au
maggie.au@sprg.com.hk
+852 2864 4815