

## Press Release

### **Fortune REIT Reports 1.2% Growth in FY2023 Revenue** *8.1% Distribution Yield Backed by Stable Occupancy*

5 March 2024 - ARA Asset Management (Fortune) Limited (the “**Manager**”), the Manager of Fortune Real Estate Investment Trust (“**Fortune REIT**”; SEHK: 778), announces the financial results of Fortune REIT for the year ended 31 December 2023 (“**FY2023**” or the “**Reporting Year**”).

**Improved revenue and attractive yield.** Alongside with the gradual economic recovery in Hong Kong, Fortune REIT reported a satisfactory operating result for FY2023, with the full-year revenue and net property income resumed growth for the first time since the pandemic. Gross revenue and net property income increased by 1.2% and 0.7% year-on-year to HK\$1,785.9 million and HK\$1,299.4 million respectively. Despite 62% of its loans were hedged to fixed rates, finance costs increased by 45.3% as interest rates continued its steep escalation in 2023. Accordingly, income available for distribution for the Reporting Year was HK\$810.6 million. With a 100% dividend payout ratio, the full year DPU was 40.38 HK cents, representing a distribution yield of 8.1%.

**Higher occupancy and enhanced trade mix on the back of healthy leasing momentum.** In 2023, Fortune Malls have seen an encouraging pick up in leasing inquiries and momentum. It signed leases, including new lettings and renewals, for a total area of 963,200 sq.ft., accounting for 31.8% of its total portfolio area. As a result, portfolio occupancy improved during the Reporting Year and concluded at 94.4% as at 31 December 2023. Meanwhile, tenant retention rate also increased to 83% as Fortune Malls remained tenants’ preferred business locations. As part of its leasing strategy to enhance trade mix to meet evolving consumer tastes, Fortune Malls continued to refresh its food and beverage line-up and expand on lifestyle offerings during 2023. In particular, we welcomed the first entry of some very popular restaurants including Sushiro, Yakiniku Like, Wagyu More and Mizi while MG Motors (Hong Kong) also joined as Fortune Malls’ first new energy vehicle tenant. Overall traffic has improved as it witnessed a 11.0% and 12.9% year-on-year growth in footfall and hourly car park income, respectively, in 2023.

**Yield-accretive asset enhancement initiatives (AEIs) to unlock values.** Fortune REIT continued its commitment to unlock the value of aging properties and improve property yields. The HK\$300 million AEIs at flagship mall, +WOO, advanced further to the final stage and is scheduled to complete by mid-2024. The refurbished zones of the first two stages have boosted footfall and attracted new tenants from a wide range of sectors. Besides, a space reconfiguration project was also successfully completed at Metro Town during the Reporting Year, where we have repositioned a vacant kindergarten to bring in enhanced offerings, increased foot traffic, and a satisfactory 11% return on investment.

**Ms. Justina Chiu, Chief Executive Officer of the Manager**, said, “We are pleased to have reported growth in Fortune REIT’s FY2023 revenue and net property income, with DPU representing an attractive 8.1% yield. The upcoming AEIs completion at +WOO is exciting as we strengthen +WOO’s position as the leading shopping mall in Tin Shui Wai while customers will be greeted by an influx of new tenants and enhanced amenities. With a healthy gearing and no refinancing needs until late 2025, Fortune REIT continues to enjoy a strong financial footing for navigating the macro-economic uncertainties.”

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Ms. Justina Chiu, Chief Executive Officer (left), and Ms. Jenny Hung, Deputy Chief Executive Officer (right) of ARA Asset Management (Fortune) Limited, attended the FY2023 Annual Results Press Conference.

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### About Fortune REIT

Established in 2003, Fortune REIT is a real estate investment trust constituted by a trust deed (as amended, supplemented or otherwise modified from time to time). It is the first REIT to hold assets in Hong Kong and is currently listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Fortune REIT currently 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 million 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, Stars of Kovan Property, 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](http://www.fortunereit.com).

### About ARA Asset Management (Fortune) Limited, the Manager

Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a part of the ESR Group (the “ESR”). ESR is APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With approximately US\$150 billion in total assets under management (AUM), ESR’s fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allows capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of approximately US\$45 billion. ESR’s purpose – Space and Investment Solutions for a Sustainable Future – drives ESR to manage sustainably and impactfully and it considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information can be found at [www.esr.com](http://www.esr.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.

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