

## Press Release

### Fortune REIT achieves eleven consecutive years of growth Revenue soaring by 25.7% year-on-year

### Record high portfolio rental reversion of 23.8% 5.3% dividend yield

#### Financial Results Overview

	For the Year Ended 31 December		
	2014	2013	% Change
Revenue (HK\$ million)	1,655.8	1,317.5	25.7%
Net property income (HK\$ million)	1,161.2	928.3	25.1%
Income available for distribution (HK\$ million)	780.8	642.4	21.5%
Distribution per unit (HK cents)	41.68	36.00	15.8%

**21 January 2015.** ARA Asset Management (Fortune) Limited (the “Manager”), the manager of Fortune Real Estate Investment Trust (“Fortune REIT”; SEHK: 778; SGX: F25U), is pleased to announce the financial results of Fortune REIT for the year ended 31 December 2014 (“FY2014” or “Reporting Year”).

**Strongest revenue growth since 2006.** Fortune REIT has achieved record-breaking results for FY2014, with total revenue and net property income surged by 25.7% and 25.1% year-on-year to HK\$1,655.8 million and HK\$1,161.2 million respectively, marking the strongest growth since 2006. The robust results were mainly accomplished through the diligent execution of its three core growth strategies: *asset investment, asset management and asset enhancement*.

During the Reporting Year, solid occupancy rates, the record-breaking rental reversion across the portfolio and full year income stream from Fortune Kingswood all contributed to the strong net property income growth. The occupancy rate remained healthy at 97.3% as at 31 December 2014 despite frictional vacancies at Belvedere Square due to asset enhancement initiatives (“AEIs”), with the portfolio rental reversion up to 23.8%, the highest in Fortune REIT’s history. The portfolio’s passing rent climbed to a historical high of HK\$36.4 per sq.ft. as at 31 December 2014.

Income available for distribution increased by 21.5% year-on-year to HK\$780.8 million for FY2014. The DPU for FY2014 was 41.68 HK cents (FY2013: 36.00 HK cents), representing a distribution yield of 5.3%<sup>1</sup>.

**Two flagship malls as powerful growth engines.** Fortune City One and Fortune Kingswood, Fortune REIT’s two flagship shopping malls in East and West of New Territories respectively, were the leading growth drivers of the portfolio. During the Reporting Year, more than 310,000 sq.ft. of space in Fortune Kingswood was renewed/re-let and a rental reversion of more than 35% was recorded. Passing rent for Fortune Kingswood increased by 13.7% year-on-year and several new specialty food and beverage outlets and two new Chinese restaurants were introduced to enhance the dining offerings. Fortune City One has been reaping profits from its full-scale renovation completed back in 2013 and continued to

<sup>1</sup> Based on HK\$7.8, the average closing unit price in Singapore and Hong Kong as at 31 December 2014.

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perform very well during the Reporting Year. The net property income for Fortune City One has notably increased by 14.6% from the previous year.

**Planned AEs to fuel future growth.** The renovation work of Belvedere Square was commenced in September 2014 and is scheduled for completion in phases by the end of 2015. The capital expenditure is estimated to be approximately HK\$80 million with a target ROI of 15%. This major renovation aims to transform the mall through an enhanced shopping ambience and a more efficient layout so as to accommodate higher-yielding retailers and attract shoppers beyond its immediate catchment along Castle Peak Road. In addition, the Manager is planning for the next major AEs at Fortune Kingswood with an objective to reposition the mall into a regional shopping centre serving a wider spectrum of shoppers other than the nearby residents.

**Acquisition of Laguna Plaza reinforces leading position as a property investor in Hong Kong.** Fortune REIT completed the acquisition of Laguna Plaza in Kwun Tong on 9 January 2015. It marked a significant milestone of Fortune REIT as it is the first-ever acquisition from third party. This is the fourth yield-accretive property that Fortune REIT has acquired in three-year's time, reinforcing our leading position as a property investor in Hong Kong. It is expected that the combination of Laguna Plaza and its nearby Centre de Laguna will create synergies and enhances the growth potential of both properties through optimization of trade mix and economies of scale.

**Enhanced financial position for sustainable growth.** Fortune REIT's financial position has been strengthened during the Reporting Year as it has proactively refinanced one of its existing loan facilities of HK\$1,400 million in April 2014, ahead of its maturity in February 2015, on more favorable terms. The interest margin under the new facilities has significantly reduced from 2.0% to 1.4% per annum over Hong Kong Interbank Offer Rate. The new facilities, which will be due by April 2019, extend Fortune REIT's overall debt maturity profile and there will be no refinancing needs until 2016. Fortune REIT closed the Reporting Year with a gearing ratio and aggregate leverage of 29.4% (31 December 2013: 32.7%).

**Mr. Anthony Ang**, Chief Executive Officer of the Manager, said, "We are very delighted to achieve another year of success in FY2014 marked by the highest revenue growth since 2006, a record-breaking rental reversion and the acquisition of Laguna Plaza. We are confident that the solid business foundation built over the past eleven years gives us a compelling competitive advantage in sustaining our resilience and maintaining good performances in more years to come."

**Ms. Justina Chiu**, Deputy Chief Executive Officer of the Manager, added, "Facing the challenging retail environment in Hong Kong in the past year, we delivered satisfactory returns to our Unitholders through the rigorous execution of our core strategies: asset investment, asset management and asset enhancement. These three strategies have also helped us to build a sustainable growth platform going forward. We remain closely attentive to market trends and opportunities and we are confident that Fortune REIT's retail portfolio targeting Hong Kong's mass-market and daily necessities will continue to deliver stable returns to our Unitholders."

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**About Fortune REIT.** Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, as the Manager of Fortune REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited on 12 August 2003 and 20 April 2010 respectively.

Following the completion of the acquisition of Laguna Plaza on 9 January 2015, Fortune REIT currently holds a portfolio of 18 private housing estate retail properties in Hong Kong, comprising of 3.27 million sq ft of retail space and 2,756 car parking spaces. The retail properties are Fortune City One, Fortune Kingswood, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Laguna Plaza, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi Square, Nob Hill Square, 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 wholly-owned subsidiary of ARA Asset Management Limited, which is listed on the Main Board of the Singapore Exchange Securities Trading Limited. More information can be found at [www.ara-asia.com](http://www.ara-asia.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 in Fortune REIT in Hong Kong, Singapore or any other jurisdiction.

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