

## Press Release

# Fortune REIT achieves 13 consecutive years of growth Revenue and DPU up by 5.0% year-on-year

*14.0% portfolio rental reversion  
5.5% dividend yield<sup>1</sup>*

### Financial Results Overview

	For the Year Ended 31 December		
	2016	2015	% Change
Revenue (HK\$ million)	1,975.4	1,882.1	5.0%
Net property income (HK\$ million)	1,409.8	1,324.0	6.5%
Income available for distribution (HK\$ million)	935.2	884.6	5.7%
Distribution per unit (HK cents)	49.23	46.88	5.0%

**26 January 2017.** 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 2016 (“FY2016” or “Reporting Year”).

**Thirteen years of continuous growth.** Despite the difficult operating environment of falling retail sales in Hong Kong, Fortune REIT has again recorded encouraging results for FY2016, with total revenue and net property income up by 5.0% and 6.5% year-on-year to HK\$1,975.4 million and HK\$1,409.8 million respectively. The outstanding performance was underpinned by the healthy rental reversion across the portfolio as well as a full-year contribution of increased rental from Belvedere Square’s asset enhancement initiatives (“AEIs”) completed in the second half of 2015. Fortune REIT has achieved 13 consecutive years of growth since listing, with the continued execution of the three core strategies of asset investment, asset management, and asset enhancement.

Consequently, income available for distribution increased by 5.7% year-on-year to HK\$935.2 million for FY2016. The DPU for the Reporting Year was 49.23 HK cents (2015: 46.88 HK cents), representing a year-on-year increase of 5.0%. Comprising an interim and final DPU of 24.78 HK cents and 24.45 HK cents respectively, the FY2016 DPU represented a distribution yield of 5.5%<sup>1</sup>.

**Solid operational performance despite market challenges.** Fortune REIT’s portfolio of retail properties at private housing estates continued to demonstrate its strength and proven resilience amid the sluggish retail market in Hong Kong. Portfolio occupancy remained healthy at 96.7% while average passing rent rose by 4.5% year-on-year to HK\$41.8 per sq.ft. as at 31 December 2016. Rental reversion for renewals for FY2016 was 14.0%. These performances clearly reflected tenants’ endorsement of Fortune Malls as their preferred place for business. Fortune REIT will continue to retain its quality tenants by securing early commitment to renewal before leases expire, as well as optimizing the tenant mix at the opportune time.

**Fueling future growth with successful execution of AEIs.** To respond to the rapidly changing retail environment and ensure Fortune Malls remain relevant and a preferred choice to the community, Fortune

<sup>1</sup> Based on the closing unit price of HK\$8.91 in Hong Kong as at 30 December 2016.

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REIT has continued to invest in the long term growth of its portfolio. In the third quarter of 2016, AEs at Provident Square was completed including repartitioning part of the basement area to create more shops to accommodate a wider range of household and education offerings. Looking ahead, Fortune REIT is planning to transform its largest asset, Fortune Kingswood into a shopping cum entertainment hub in the greater Tin Shui Wai/Yuen Long area in order to fully tap its enormous growth potential.

**Healthy balance sheet with prudent financial management.** Fortune REIT's financial position has been further strengthened during the Reporting Year, with all debts due in 2016 and 2017 being early refinanced with new 5-year loan facilities in a total amount of HK\$7,700.0 million. Accordingly, Fortune REIT's weighted average term to maturity of committed debts was extended to 3.7 years. Fortune REIT possesses ample debt headroom for expansion opportunities with a gearing ratio and aggregate leverage of 29.5% (2015: 30.1%) at the end of the Reporting Year.

**Ms. Justina Chiu**, Chief Executive Officer of the Manager, said, "We are delighted that Fortune REIT continues to increase distribution to Unitholders in FY2016, achieving 13 years of sustainable growth. Although the global economic outlook is still clouded with uncertainty and the recovery of the retail market in Hong Kong is likely to be impeded with the strong Hong Kong dollar continuing to weigh on tourist spending, we expect that the well-managed portfolio of our neighborhood malls will gain continued support of domestic shoppers. Looking ahead, we will stay alert to economic uncertainties while remaining dedicated to achieving operational excellence through effective leasing strategies, execution of AEs, and being attentive to acquisition opportunities with an aim to sustain long-term growth and deliver satisfactory 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 is primary listed on The Stock Exchange of Hong Kong Limited and secondary listed on the Singapore Exchange Securities Trading Limited. Fortune REIT is Asia's first cross-border REIT and also the first REIT to hold assets in Hong Kong.

Fortune REIT currently holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising of 3.18 million sq.ft. of retail space and 2,713 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, 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, Asia's premier integrated real estate fund manager 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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