

## Press Release

# Fortune REIT's net property income up by 3.0% to HK\$727 million Distribution yield of 5.3%

### Financial Results Overview

	1H2017	1H2016	% Change
Revenue (HK\$ million)	1,003.3	979.1	2.5%
Net property income (HK\$ million)	727.0	705.9	3.0%
Income available for distribution (HK\$ million)	487.3	470.0	3.7%
Distribution per unit (HK cents)	25.53	24.78	3.0%

28 July 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 interim financial results of Fortune REIT for the six months ended 30 June 2017 ("1H2017" or the "Reporting Period").

**Continuous growth in DPU.** Fortune REIT continues to deliver steady growth to unitholders with revenue up by 2.5% year-on-year to HK\$1,003.3 million in 1H2017, attributed to the positive rental reversion across the portfolio. Thanks to our continual improvement in operational efficiency, net property income grew at a higher rate of 3.0% year-on-year to HK\$727.0 million. Distributable income for the Reporting Period increased by 3.7% year-on-year to HK\$487.3 million. Accordingly, DPU for 1H2017 was up by 3.0% year-on-year to 25.53 HK cents (first half of 2016: 24.78 HK cents), implying an annualised distribution yield of 5.3%<sup>1</sup>.

**Double digit rental reversion.** Through proactively retaining quality tenants and securing early commitment before leases expire, Fortune REIT's retention rate reached a high of 78% during the Reporting Period with a rental reversion of 10.7%. Portfolio occupancy rate remained steady at 96.6% as at 30 June 2017. The well-diversified trade mix with a strong focus on daily necessities continues to support Fortune Malls, driving Fortune REIT's long-term resilience.

**Fortune Kingswood AEs in the pipeline driving sustainable growth.** Riding on the experience of successful AEs execution, Fortune REIT is planning to embark on its AEs project on Fortune Kingswood with an aim to reposition it as a regional shopping and entertainment hub for a wider spectrum of shoppers beyond its primary catchment. By enriching the offerings to shoppers and strengthening the business environment for tenants, the Manager believes that the enormous potential for Fortune Kingswood, the largest asset of Fortune REIT, would be further unlocked.

<sup>1</sup> Based on the closing unit price of HK\$9.69 in Hong Kong as at 30 June 2017.

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**Healthy financial position with no refinancing needs until 2019.** During the Reporting Period, Fortune REIT has capitalized on the ample liquidity in the Hong Kong banking system and arranged a 5-year HK\$1,200.0 million unsecured banking facility to refinance all the debt due in 2018 and there are no refinancing needs until 2019. As at 30 June 2017, Fortune REIT's gearing ratio and aggregate leverage reduced to 28.4% (31 December 2016: 29.5%) as a result of higher property valuation.

**Ms Justina Chiu**, Chief Executive Officer of the Manager, said, "We are very pleased to achieve another set of satisfactory financial results in the first half of 2017 with continued growth in distribution. Hong Kong economy accelerated in the first quarter of 2017 and the retail market has recently shown some positive signs after a 24-month decline. While there will be continuous opportunities and challenges presented by the early phase of retail market recovery as well as the expected U.S. interest rate normalization, we believe that Fortune REIT's resilient retail portfolio and healthy financial position will provide a strong foundation for the continued delivery of stable returns."

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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, Provident Square, Caribbean 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, a premier integrated real estate fund manager driven by a vision to be the best-in-class Asian real estate fund management company focused on the management of real estate investment trusts and private real estate funds. 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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