

## Press Release

Fortune REIT's NPI grew 7.9% year-on-year to HK\$705.9 million

5.4% Dividend Yield<sup>1</sup>  
Year-to-date Total Return of 18.9%<sup>2</sup>

### Financial Results Overview

	1H2016	1H2015	% Change
Revenue (HK\$ million)	979.1	922.6	+6.1%
Net property income (HK\$ million)	705.9	654.4	+7.9%
Income available for distribution (HK\$ million)	470.0	440.3	+6.7%
Distribution per unit (HK cents)	24.78	23.38	+6.0%

**Hong Kong and Singapore 25 July 2016.** 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 six months ended 30 June 2016 ("1H2016" or the "Reporting Period").

**Sustained growth underpinned by the core strategies.** Fortune REIT continues to deliver robust performance for 1H2016, with total revenue and net property income increasing by 6.1% and 7.9% year-on-year to HK\$979.1 million and HK\$705.9 million respectively. The rise in financial performance was attributed to the healthy rental reversion across the portfolio as well as the asset enhancement initiatives ("AEIs") of Belvedere Square that was completed in phases during 2015.

Distributable income for the Reporting Period increased by 6.7% year-on-year to HK\$470.0 million. Accordingly, the distribution per unit ("DPU") for 1H2016 increased by 6.0% year-on-year to 24.78 HK cents, representing an annualised dividend yield of 5.4%<sup>1</sup>. Fortune REIT's unit price surged by 15.9% during the Reporting Period to close at HK\$9.25. Together with the 2H2015 DPU already distributed earlier this year, Fortune REIT has rewarded its Unitholders with a total return of 18.9%<sup>2</sup> for the Reporting Period.

**Steady operational performance demonstrates resilience amid market challenges.** Fortune REIT's portfolio of quality neighbourhood shopping malls enabled Fortune REIT to register steady operational performance amid market challenges. Despite the frictional vacancy at Provident Square as a result of its AEIs, portfolio occupancy remained high at 96.4% as at 30 June 2016. Rental reversion for renewals in 1H2016 was 13.3% with portfolio passing rent up by 7.8% year-on-year to HK\$41.4 per sq. ft. as at 30 June 2016.

<sup>1</sup> Based on the closing unit price of HK\$9.25 in Hong Kong as at 30 June 2016.

<sup>2</sup> Total return is calculated based on the closing unit price of HK\$7.98 and HK\$9.25 in Hong Kong as at 31 December 2015 and 30 June 2016 respectively and the distribution per unit of HK\$0.2350 for 2H2015 distributed on 29 February 2016.

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**AEIs to capture future growth.** Fortune REIT commenced its AEIs project at Provident Square, which involves reconfiguration of a large supermarket space into smaller units to cater for the demand from food and beverage outlets, household products and education operators. The renovation is expected to be completed by the third quarter of 2016. Leasing response has been positive so far. To date, the committed occupancy of Provident Square is 81.6%.

**Proactive and prudent capital management.** Following the drawdown of new loan facilities for the refinancing of the existing loan that matured in April 2016, Fortune REIT's overall debt maturity has been extended to 2.6 years and there will be no refinancing needs until 2017. Fortune REIT closed the Reporting Period with a gearing ratio and an aggregate leverage of 29.8% (31 December 2015 : 30.1%). As at 30 June 2016, the interest cost for approximately 66% (31 December 2015 : 68%) of Fortune REIT's outstanding debt was hedged through interest rate swaps and caps.

**Ms. Justina Chiu**, Chief Executive Officer of the Manager said, "Despite a challenging economic environment, Fortune REIT's portfolio of neighborhood malls focusing on non-discretionary local consumption has once again proven its resilience amidst uncertainties and has delivered a satisfactory financial performance. Although the possible slowdown in the overall economy and Britain to exit from the European Union are expected to present a new wave of uncertainties, Fortune REIT remains vigilant of rising external risks. Fortune REIT will continue to precisely execute its three core growth strategies of asset investment, asset management and asset enhancement, and be fully dedicated to optimising its portfolio performance while prudently identifying suitable investment opportunities for growth. We are confident that Fortune REIT will sustain its 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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