

Press Release

Fortune REIT Resumes 100% Payout in 1H2022

DPU of 23.05 HK cents representing an attractive yield of 7.2%¹

5 August 2022. **ARA Asset Management (Fortune) Limited** (the “Manager”), the Manager of **Fortune Real Estate Investment Trust** (“Fortune REIT”; SEHK: 778), announces the interim financial results of Fortune REIT for the six months ended 30 June 2022 (“1H2022” or the “Reporting Period”).

Stable operation amid challenging operating environment. The fifth wave of COVID-19 and the resultant social distancing measures has dampened consumption sentiment and constrained public movement at the beginning of the year. Nevertheless, Hong Kong’s retail consumption picked up swiftly and notably towards the end of the Reporting Period as local epidemic moderated and social distancing measures further eased. Fortune REIT concluded the Reporting Period with a healthy portfolio occupancy of 93.9% as at 30 June 2022 and a strong tenant retention of 81%, thanks to the flexible leasing strategy employed by the Manager. Leases covering a total of 582,355 sq.ft., almost one fifth of total portfolio area, have been transacted in 1H2022.

100% payout and an attractive yield. In the face of the severe tests brought by COVID-19, Fortune REIT reported a revenue of HK\$867.5 million and net property income of HK\$634.0 million, representing a year-on-year decrease of 4.1% and 5.9% respectively. Such declines were mainly due to increased rental concessions, lower occupancy and negative, albeit further narrowing, rental reversion. Income available for distribution for the Reporting Period was HK\$456.9 million. With the resumption of a 100% distribution payout ratio (FY2021: 90%), the DPU for the Reporting Period amounted to 23.05 HK cents, representing an annualised distribution yield of 7.2%¹.

Business initiatives for future growth. Fortune REIT remains focus to drive long term business growth on multiple fronts. With Fortune Malls APP celebrating its second anniversary in June 2022, the new Fortune Malls eVouchers were introduced to reward loyalty programme members as an effort to retain and expand the customer base.

On the AEIs front, the Manager continued to make progress on the renovation at +WOO Phase 2. The first stage of the three-stage project was completed in July 2022 and has been reopened for business. The enhanced area has attracted satisfactory leasing demand from a wide range of dining choices, lifestyle goods and sports and wellness centres. Complemented with the only cinema in Tin Shui Wai, +WOO is set to benefit from the growing catchment.

¹ Based on the closing unit price of HK\$6.50 as at 30 June 2022.

Press Release

Strong balance sheet positioned us well for opportunities. Fortune REIT remained financially sound with gearing at 22.4%. In light of the anticipated interest rate hikes, the Manager has proactively adjusted its hedging ratio to approximately 70% from 51% since end of 2021 to buffer against negative effects from interest rate fluctuations. In addition, Fortune REIT further strengthened its financial position by securing a 5-year HK\$1,200 million new sustainability-linked loan facility and a HK\$200 million new uncommitted revolving loan facility during the Reporting Period. As such, there are no financing needs until late 2023, and, accordingly, debt maturity averaging a healthy 3.4 years. Along with an ample debt headroom of HK\$22.0 billion, Fortune REIT is poised to capture opportunities as they arise.

Ms Justina Chiu, Chief Executive Officer of the Manager, said, “Fortune REIT stayed collected and worked hand in hand with tenants to cope with the market disruptions brought by the severe epidemic situation in the beginning of the year. The AEs at +WOO Phase 2 has been progressing well to strengthen our competitive position in Tin Shui Wai and paving the way for long-term growth. We are confident that the government's next round disbursement of the Consumption Voucher Scheme in August, coupled with the encouraging revival of business activities, will enable Fortune REIT to maintain a strong foothold from the eventual market upturn.”

-End-

Press Release

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 16 private housing estate retail properties in Hong Kong, comprising 3 million sq. ft. of retail space and 2,713 car parking spaces. The retail properties are Fortune City One, +WOO, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Belvedere Square, Laguna Plaza, Waldorf Avenue, 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.

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 US\$140 billion in gross 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 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.

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.

Media and investor contacts

ARA Asset Management (Fortune) Limited

Justina Chiu
Chief Executive Officer
JustinaChiu@ara-group.com

Jenny Hung
Director, Investments and Investor Relations
JennyHung@ara-group.com

Ada Ho
Manager, Investor Relations and Research
AdaHo@ara-group.com

Strategic Financial Relations Limited

Mandy Go
mandy.go@sprg.com.hk
+852 2864 4812

Sharon Lau
Sharon.Lau@sprg.com.hk
+852 2864 4852