

## Press Release

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# Fortune REIT Announces DPU 47.16 HK cents for FY2020 Representing 6.4% yield

## *95.8% Portfolio Occupancy and 84% Tenant Retention*

4 February 2021. **ARA Asset Management (Fortune) Limited** (the “Manager”), the manager of **Fortune Real Estate Investment Trust** (“Fortune REIT”; SEHK: 778), announces the financial results of Fortune REIT for the year ended 31 December 2020 (“FY2020” or the “Reporting Year”).

***A challenging retail environment.*** The pandemic outbreak since early 2020 presented some unprecedented challenges for the Hong Kong economy. In particular, Hong Kong retail sales values dropped significantly as a result of drastic decline in tourist arrivals and dampened domestic consumption. Local social distancing measures led to lower footfall at Fortune Malls, which in turn has impacted the tenants’ businesses to varying extent. Nevertheless, portfolio occupancy remained stable throughout the year and stood at 95.8% as at 31 December 2020 with a high tenant retention of 84% was recorded.

During the Reporting Year, Fortune REIT recorded a revenue of HK\$1,843.8 million (2019: HK\$1,959.7 million) and net property income of HK\$1,376.1 million (2019: 1,480.9 million), down by 5.9% and 7.1% year-on-year respectively. These were attributable to negative rental reversions, lower carpark income as well as certain rental concession granted to tenants to help them cope with the COVID-19 situation. Income available for distribution was HK\$970.4 million (2019: HK\$993.8 million), representing a year-on-year decrease of 2.4%. With a distribution payout ratio of 95% for the Reporting Year, the FY2020 DPU amounted to 47.16 HK cents (2019: 51.28 HK cents), representing a distribution yield of 6.4%<sup>1</sup>.

***Marketing initiatives to support tenants.*** The launch of Fortune Malls mobile APP in June 2020 which integrates information and promotional offers across 16 malls proved to be timely and successful. Moreover, the Fortune+ loyalty programme, where members can convert spending into auspicious rewards, has also empowered Fortune REIT to push out effective promotional campaigns to the targeted customers. Despite the limitation of on-site marketing amid social distancing measures, Fortune REIT has run successful online campaigns via the APP to drive business and footfall for shops, eateries and entertainment centers at Fortune Malls.

***AEIs at +WOO Phase 2 to drive the next phase of growth.*** In 2021, we are looking to extend the success of +WOO Phase 1 AEIs to its Phase 2. A HK\$300 million capex has been budgeted and the project will be carried out in phases. In addition to upgrading the shopping environment, Fortune REIT also looks to elevate shoppers’ experience in +WOO Phase 2 by rejuvenating our Fortune Malls brand to introduce more excitements. +WOO is set to further release its potential as the leading shopping mall in one of Hong Kong’s largest residential communities.

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<sup>1</sup> Based on the closing unit price of HK\$7.39 as at 31 December 2020.

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***Robust balance sheet positioned us well for opportunities.*** Fortune REIT remained financially sound with enhanced financial flexibility during the Reporting Year. In October 2020, Fortune REIT secured new loans amounted to HK\$4,000 million for the purpose of refinancing and other general corporate use. The new facilities included our maiden green financing of HK\$1,000 million 5-year term sustainability-linked loan. Gearing remained healthy at 22.4% as at 31 December 2020 with debt headroom increased to HK\$21.7 billion over an expanded gearing limit of 50% under the revised REIT Code. With an ample debt headroom and all our properties being unencumbered after refinancing, Fortune REIT is well-positioned to capture favourable opportunities under a low interest rate environment.

**Ms Justina Chiu, Chief Executive Officer of the Manager,** said, “Fortune REIT’s portfolio is characterized by the resilience of its neighbourhood malls which focus predominantly on daily necessities. Amid a challenging retail market, our flexible leasing strategy and proactive renewal management has secured us a steady income stream in 2020. In 2021, we will focus on keeping a stable occupancy and pave the way back to growth by commencing our renovation for Phase 2 of +WOO, our largest asset. +WOO has enjoyed steady rental growth over the years and we are positive that the upcoming AEIs will give a further boost to our leading position in the neighbourhood.”

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**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 of 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](http://www.fortunereit.com)

**About ARA Asset Management (Fortune) Limited, the Manager.** Fortune REIT is managed by ARA Asset Management (Fortune) Limited, the manager of Fortune REIT. The Manager is a wholly-owned subsidiary of ARA Asset Management Limited, a leading APAC real assets fund manager with a global reach. More information can be found at [www.ara-group.com](http://www.ara-group.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.

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