

Press Release

Fortune REIT Announces 2024 Annual Results

Revenue stabilized in 2H with improved occupancy High tenant retention and stable footfall indicate strong appeal of Fortune Malls

4 March 2025 - ESR 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 2024 (“**FY2024**” or the “**Reporting Year**”).

Revenue stabilized in 2H2024 with sequential improvement. Fortune REIT reported revenue and net property income of HK\$1,746.3 million and HK\$1,253.3 million, respectively for FY2024, with most declines occurring in the first half of 2024 (“**1H2024**”). In the second half (“**2H2024**”), revenue decreased by only 0.3% year-on-year and improved sequentially by 0.3%. Finance cost rose 13.1% for the year and stabilized in 2H2024, as interest rates peaked and began to decline since September 2024. Income available for distribution was HK\$723.4 million, with a 100% payout ratio, the full year Distribution Per Unit (“**DPU**”) was 35.59 Hong Kong cents, representing a distribution yield of 8.9%.

Improved occupancy with high tenant retention despite headwinds. Portfolio occupancy remained healthy throughout the year, improving to 95.0% as of 31 December 2024 from 94.4% a year ago. Rental reversion was inevitably negative amid a soft retail market as we adopted a flexible leasing strategy that prioritized occupancy and retaining quality tenants. Among the non-performing trade sectors, real estate agents and kindergartens saw improved operating environment while we are actively seeking opportunities to repurpose the spaces affected by cross-border consumption and market changes. Nevertheless, Fortune Malls continues to see stable leasing demand, signing leases for over a million sq.ft. in total during the Reporting Year, with a high tenant retention rate of 79%.

Enriched F&B lineup brings continuous excitement and stable footfall. During the Reporting Year, Fortune Malls has enriched its F&B offerings by adding more than 10 brands, all of which have rapidly become popular dining spots. In particular, Metro Town welcomed Jollibean’s (a soy-based caterer from Singapore) first Hong Kong store. Dough Bros (a fast-expanding pizza and doughnut specialist), Gyu-Kaku (a popular Japanese yakiniku brand), Sukiya (Japan’s largest gyudon chain) and Bai Fung Bento (authentic Taiwanese Bentos specialist) expanded into Shatin at Fortune City One and Ma On Shan Plaza. Mummy Pancake (Michelin-recommended) and Mizi (traditional Yunnan noodles and dishes specialist) opened their first stores in Tin Shui Wai at +WOO.

Our continuous trade mix refinement including an exciting and affordable F&B lineup has been key in sustaining Fortune Malls’ appeal. Indeed, despite increasing outbound travels and cross-border consumption, Fortune Malls defied market trend and saw stable footfall (+0.1%) in 2H2024, compared to 1H2024.

+WOO refined trade mix and picked up occupancy post AEs completion. +WOO completed a HK\$300 million renovation at its Phase 2 in July 2024. It has been reinforced as Tin Shui Wai’s leading shopping destination and attracted new tenants from F&B, lifestyle, retail and entertainment sectors, with the occupancy picking up to 94.7% as at end-2024 from 91.8% a year ago. As leasing momentum continues, we are optimistic to improve the occupancy further at +WOO.

Press Release

Ms. Justina Chiu, Chief Executive Officer of the Manager, said, "Fortune REIT's FY2024 DPU represents an attractive 8.9% yield. Our neighbourhood malls portfolio, characterized by a focus on essential trades, maintains its competitive edge with an improved occupancy, high tenant retention as well as a stable footfall in 2024. Signs of stabilization emerged as the year-on-year decline in revenue narrowed further in 2H2024 with a sequential improvement over 1H2024. Finance cost is also expected to come down gradually as interest rate cut continues. Looking forward, supportive policies from both the central and HKSAR governments are expected to revive Hong Kong's economy and retail market in the medium to long run. As we continue our proactive asset management, coupled with disciplined capital management and sound financials, Fortune REIT is well positioned to navigate challenges and seize opportunities as they arise."

-End-



Photo 1: Ms. Justina Chiu, Chief Executive Officer (left), and Ms. Jenny Hung, Deputy Chief Executive Officer (right) of ESR Asset Management (Fortune) Limited, attended the 2024 Annual Results Press Conference.

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 17 retail properties, with 16 private housing estate retail properties in Hong Kong and 1 neighbourhood mall in Singapore, comprising approximately 3 million sq. ft. of retail space and 2,793 car parking spaces. The retail properties are Fortune City One, +WOO, Ma On Shan Plaza, Metro Town, Belvedere Square, Laguna Plaza, Fortune Metropolis, Waldorf Avenue, Caribbean Square, Jubilee Square, Tsing Yi Square, Smartland, Stars of Kovan Property, Hampton Loft, Centre de Laguna, 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 ESR Asset Management (Fortune) Limited, the Manager

Fortune REIT is managed by ESR Asset Management (Fortune) Limited, a part of the ESR Group (the “ESR”). ESR is Asia-Pacific's leading New Economy real asset manager and one of the largest listed real estate investment managers globally. ESR's fully integrated fund management and development platform extends across Australia and New Zealand, Japan, South Korea, Greater China, Southeast Asia and India, including a presence in Europe. ESR provides investors with a diverse range of real asset investment and development solutions across private and public investment vehicles. ESR's focus on New Economy real assets offers customers modern solutions for logistics, data centres, and infrastructure and renewables. ESR's purpose, Space and Investment Solutions for a Sustainable Future, drives it to manage sustainably and impactfully for the communities where it operates and the spaces it develops to thrive for generations to come. ESR Group Limited is listed on The Stock Exchange of Hong Kong (HKSE: 1821.HK). Visit www.esr.com for more information.

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

ESR Asset Management (Fortune) Limited

Justina Chiu
Chief Executive Officer
justina.chiu@esr.com

Jenny Hung
Deputy Chief Executive Officer
jenny.hung@esr.com

Maggie Mui
Assistant Director, Investor Relations
maggie.mui@esr.com

Strategic Financial Relations Limited

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

Vivienne Leung
Vivienne.leung@sprg.com.hk
+852 2864 4862