

Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	ARA ASSET MANAGEMENT (FORTUNE) LIMITED
Securities	FORTUNE REAL ESTATE INV TRUST - SG1O33912138 - F25U

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Additional Details

For Financial Period Ended	31-Mar-2014
Attachments	Fortune-1Q2014 Results.pdf Total size =106K


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**Fortune Real Estate Investment Trust
Financial Statements
For the First Quarter Ended 31 March 2014**

These figures have not been audited nor reviewed by our auditors.

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 was listed on the Singapore Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited on 12 August 2003 and 20 April 2010 respectively.

Fortune REIT holds a portfolio of 17 retail properties in Hong Kong, comprising approximately 3.11 million square feet ("Sq.ft.") of retail space and 2,606 car parking lots. The retail properties are Fortune City One, Fortune Kingswood, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi Square, Nob Hill Square, 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.

1 (a) (i) Statement of comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%
	Actual 1/1/14 to 31/3/14 ^(a)	Actual 1/1/13 to 31/3/13 ^(a)	
Revenue ^(b)	330,023	245,128	34.6%
Charge-out collections ^(c)	73,827	56,227	31.3%
Total revenue	403,850	301,355	34.0%
Property management fees	(9,346)	(7,026)	33.0%
Other property operating expenses	(96,340)	(69,651)	38.3%
Property operating expenses	(105,686)	(76,677)	37.8%
Net property income (before manager's performance fee)	298,164	224,678	32.7%
Manager's performance fee	(8,988)	(6,742)	33.3%
Net property income	289,176	217,936	32.7%
Interest Income	1,450	45	NM
Net property income after interest income	290,626	217,981	33.3%
Gain on disposal of investment properties ^(d)	-	897	(100.0%)
Change in fair value of financial instruments ^(e)	8,224	29,468	(72.1%)
Profit before borrowing costs	298,850	248,346	20.3%
Borrowing costs	(54,189)	(32,722)	65.6%
Profit before tax	244,661	215,624	13.5%
Hong Kong taxation :			
Current taxation	(34,945)	(25,953)	34.6%
Deferred taxation	(7,514)	(5,644)	33.1%
Total Hong Kong taxation	(42,459)	(31,597)	34.4%
Net profit of property companies	202,202	184,027	9.9%
Manager's base fee	(21,702)	(14,948)	45.2%
Foreign exchange loss ^(f)	(40)	(99)	(59.6%)
Non-tax deductible trust expenses ^(g)	(11,861)	(6,634)	78.8%
Tax deductible trust expenses	(1,072)	(944)	13.6%
Non tax-exempt income ^(h)	1,187	691	71.8%
Singapore taxation	(201)	(117)	71.8%
Total trust expenses	(33,689)	(22,051)	52.8%
Net profit of the Group, before transactions with unitholders	168,513	161,976	4.0%
Distributions to unitholders ⁽ⁱ⁾	(193,892)	(153,292)	26.5%
Net (loss)/profit of the Group, after transactions with unitholders ⁽ⁱ⁾	(25,379)	8,684	(392.3%)
Net profit of the Group, before transactions with unitholders	168,513	161,976	4.0%
Add/(Less):			
Manager's base fee	21,702	14,948	45.2%
Foreign exchange loss ^(f)	40	99	(59.6%)
Non-tax deductible trust expenses ^(g)	11,861	6,634	78.8%
Gain on disposal of investment property ^(d)	-	(897)	(100.0%)
Change in fair value of financial instruments ^(e)	(8,224)	(29,468)	(72.1%)
Income available for distribution ^(k)	193,892	153,292	26.5%

Footnotes:

- (a) *The Group's financial information incorporates the financial statements of the Trust and the Property Companies.*
- (b) *Revenue includes rental income, car park income, license income, atrium income and others.*
- (c) *Charge-out collections consist of expenses related to the operation of the properties that are payable by tenants and licensees and these expenses include air conditioning charges, management fees, promotional charges, government rents, utility charges, cleaning charges and government rates.*
- (d) *The Group sold 5 car park lots in one of the investment properties, Fortune City One, during the first quarter of 2013.*
- (e) *The amount relates to the net gain arising from the re-measurement of the interest rate swaps and caps which were ineffective under cash flow hedge or not designated for hedge accounting as at 31 March 2014.*
- (f) *Foreign exchange loss represents realised and unrealised foreign exchange differences. The unrealised exchange difference arose from translation of monetary assets and liabilities denominated in foreign currencies into Hong Kong dollars at rates of exchange ruling at the end of the reporting period. The realised exchange difference arose from the settlement of foreign currencies payables at the transaction dates. All exchange differences are included in the statement of comprehensive income.*
- (g) *The increase in the non-tax deductible trust expenses for the period from 1 January 2014 to 31 March 2014 was mainly due to an increase in the amortization of debt front end fee as a result of entering into the new facility agreements on 7 October 2013 for term loan facilities of HK\$5,025.0 million for the acquisition of Fortune Kingswood.*
- (h) *Non tax-exempt income refers mainly to interest income from fixed deposits.*
- (i) *The amount of distribution to unitholders has been distributed and/or accrued as distribution payable in the Statement of Financial Position.*
- (j) *The decrease in the net (loss)/profit of the Group, after transactions with unitholders for the period from 1 January 2014 to 31 March 2014 was mainly due to (i) an increase in Manager's base fee, which is calculated on the 0.3% of the value of investment properties, as a result of acquisition of Fortune Kingswood in October 2013; and (ii) a decrease in change in fair value gain of financial instruments (see footnote (e) above). These non-cash items have no effect on the income available for distribution to unitholders.*
- (k) *Fortune REIT's distribution policy is to distribute to unitholders on a semi-annual basis, the higher of (i) 100% of its tax-exempt income (except dividends paid out of interest income and gains, if any, which are distributable at the discretion of the Manager) after deduction of applicable expenses ("Net Tax-Exempt Income"); and (ii) 90% of consolidated net profit after tax (before transactions with unitholders) for the relevant financial period adjusted to eliminate the effects of certain adjustments in the Code on Real Estate Investment Trust (the "REIT Code").*
- (l) *Save as disclosed, there is no investment income, write-off for stock obsolescence, impairment in the value of investments, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous corresponding financial period.*

1 (a) (ii) Statement of other comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%
	Actual 1/1/14 to 31/3/14	Actual 1/1/13 to 31/3/13	Decrease
Net (loss)/profit of the Group, after transactions with unitholders	(25,379)	8,684	(392.3%)
Other comprehensive income - Items that will be reclassified to profit or loss:			
Cash flow hedge			
- Change in fair value of financial instruments	5,255	8,626	(39.1%)
- Release to profit or loss ^(a)	1,244	1,660	(25.1%)
	6,499	10,286	(36.8%)
Total comprehensive (loss)/income	(18,880)	18,970	(199.5%)

Footnote:

- (a) As certain interest rate swap contracts were no longer highly effective, the respective cumulative losses from inception of the hedge until then that previously recognised in hedging reserve is released to consolidated income statement over the periods during which the interest payment in relation to the interest rate swap contracts affects the consolidated income statement. During the period, release of such cumulative losses from the hedging reserve amounted to HK\$1.2 million.

1 (b)(i) Statement of financial position, together with a comparative statement as at the end of the immediately preceding financial year

	Trust		Group ^(a)	
	HK\$ '000		HK\$ '000	
	Actual 31/3/14	Actual 31/12/13	Actual 31/3/14	Actual 31/12/13
Current assets				
Cash and bank balances	179,207	514,978	709,596	858,175
Trade and other receivables	86,140	100,143	59,338	67,093
Total current assets	265,347	615,121	768,934	925,268
Non-current assets				
Investment in property companies	6,293,502	6,293,502	-	-
Investment properties ^(b)	-	-	29,357,723	29,338,000
Derivative assets ^(d)	-	-	71,314	66,906
Total non-current assets	6,293,502	6,293,502	29,429,037	29,404,906
Total assets	6,558,849	6,908,623	30,197,971	30,330,174
Current liabilities				
Trade and other payables	6,995	9,559	536,862	540,665
Distribution payable ^(c)	193,892	335,424	193,892	335,424
Borrowings	-	-	2,060,224	970,000
Derivative liabilities ^(d)	-	-	13,934	21,368
Provision for taxation	748	547	109,694	105,842
Total current liabilities	201,635	345,530	2,914,606	1,973,299
Non-current liabilities				
Borrowings	-	-	7,779,407	8,860,372
Deferred tax liabilities	-	-	353,891	346,377
Derivative liabilities ^(d)	-	-	37,918	40,799
Total non-current liabilities	-	-	8,171,216	9,247,548
Total liabilities	201,635	345,530	11,085,822	11,220,847
Net assets attributable to unitholders	6,357,214	6,563,093	19,112,149	19,109,327

Footnotes:

- (a) The Group's financial information incorporates the financial statements of the Trust and the Property Companies.
- (b) Investment properties are stated at valuation based on an independent professional valuation carried out by Jones Lang LaSalle Limited, the independent valuer on 31 December 2013. During the period, some capital costs for the properties were incurred and included in the investment properties.
- (c) Distribution payable is the amount of income available for distribution accrued from 1 January 2014 to 31 March 2014. This is to comply with the REIT Code after the dual primary listing in Hong Kong, and for Fortune REIT's distribution policy please refer to footnote (k) of section 1(a)(i).
- (d) The derivative assets/liabilities relate to the fair value of the interest rate swaps and caps transacted to hedge the interest rate risk on the borrowings.

1 (b)(ii) Aggregate amount of borrowings

	Secured ^(a)	Unsecured ^(a)
	HK\$ '000	HK\$ '000
As at 31/3/14		
Amount repayable in one year or less, or on demand	2,060,224	-
Amount repayable after one year	6,178,744	1,600,663
	8,238,968	1,600,663

	Secured ^(a)	Unsecured ^(a)
	HK\$ '000	HK\$ '000
As at 31/12/13		
Amount repayable in one year or less, or on demand	970,000	-
Amount repayable after one year	7,261,212	1,599,160
	8,231,212	1,599,160

Footnote:

- (a) Fortune REIT has in place three credit facilities, being the 2011 Facilities, the 2012 Facilities and the 2013 Facilities.

The 2011 Facilities is a 5-year term loan and revolving credit facilities of total HK\$3,800.0 million, comprising of a HK\$2,830.0 million term loan facility and a HK\$970.0 million revolving credit facility, which mature in 2016. As at 31 March 2014, HK\$3,798.0 million had been drawn down (31 December 2013: HK\$3,798.0 million).

The 2012 Facilities is a 3-year term loan and revolving credit facility of up to an aggregate principal amount of HK\$1,400.0 million, comprising of a HK\$1,100.0 million term loan facility and a HK\$300.0 million revolving credit facility, which mature in 2015. As at 31 March 2014, HK\$1,100.0 million had been drawn down (31 December 2013: HK\$1,100.0 million).

There is an option to rollover the revolving credit facility of the 2011 Facilities and 2012 Facilities up until maturity.

The 2013 Facilities is a term loan facilities of HK\$5,025.0 million, with terms between 3.5 years to 5 years. As at 31 March 2014, HK\$5,025.0 million had been drawn down (31 December 2013: HK\$5,025.0 million).

Included in the borrowings is an unamortized debt front end fee of HK\$83.3 million (31 December 2013: HK\$92.6 million). The 2011 Facilities are secured by, inter alia, a mortgage over Fortune City One, Ma On Shan Plaza, Fortune Metropolis, Smartland, Tsing Yi Square, Nob Hill Square, Centre de Laguna, Lido Avenue and Rhine Avenue. The 2012 Facilities are secured by, inter alia, a mortgage over Belvedere Square, Provident Square, Caribbean Square and Hampton Loft. HK\$3,406.3 million of the 2013 Facilities are secured by, inter alia, a mortgage over Metro Town and Fortune Kingswood.

1 (c) Statement of cash flows

	Group	
	HK\$ '000	HK\$ '000
	Actual 1/1/14 to 31/3/14	Actual 1/1/13 to 31/3/13
Operating Activities		
Profit before taxation	211,173	193,690
Adjustments for:		
Change in fair value of financial instruments	(8,224)	(29,468)
Amortisation of debt front end fee	9,259	4,890
Gain on disposal of investment properties	-	(897)
Base fee paid in units	21,702	14,948
Interest income	(2,637)	(736)
Borrowing costs	54,189	32,722
Operating profit before changes in working capital	285,462	215,149
Decrease in trade and other receivables	7,824	1,270
(Decrease)/Increase in trade and other payables	(4,122)	2,396
Cash generated from operating activities	289,164	218,815
Income taxes paid	(31,294)	-
Cash flow from operating activities	257,870	218,815
Investing Activities		
Upgrading of investment properties	(19,723)	(13,776)
Disposal of investment properties	-	2,047
Interest received	2,568	742
Cash flow used in investing activities	(17,155)	(10,987)
Financing Activities		
Distribution paid	(335,256)	(281,047)
Repayment of borrowings	(30,000)	(102,047)
Drawdown of borrowings	30,000	-
Borrowing costs paid	(54,038)	(33,161)
Cash flow used in financing activities	(389,294)	(416,255)
Net decrease in cash and cash equivalents	(148,579)	(208,427)
Cash and cash equivalents at beginning of the period	858,175	578,022
Cash and cash equivalents at end of the period	709,596	369,595

1 (d)(i) Statement of changes in net assets attributable to unitholders

	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Retained profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Statement for the first quarter FY2014					
Group					
Balance as at 1 January 2014	7,572,356	(286,279)	(53,610)	11,876,860	19,109,327
Total comprehensive income	-	-	6,499	168,513	175,012
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	21,702	-	-	-	21,702
Distribution paid/payable to Unitholders	-	-	-	(193,892)	(193,892)
Increase/(decrease) in net assets resulting from Unitholders' transactions	21,702	-	-	(193,892)	(172,190)
Balance as at 31 March 2014	7,594,058	(286,279)	(47,111)	11,851,481	19,112,149
Balance as at 1 January 2013					
Balance as at 1 January 2013	6,468,360	(271,593)	(88,903)	8,869,845	14,977,709
Total comprehensive income	-	-	10,286	161,976	172,262
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	14,948	-	-	-	14,948
Distribution paid/payable to Unitholders	-	-	-	(153,292)	(153,292)
Increase/(decrease) in net assets resulting from Unitholders' transactions	14,948	-	-	(153,292)	(138,344)
Balance as at 31 March 2013	6,483,308	(271,593)	(78,617)	8,878,529	15,011,627

	Actual			Net
	Issued Units	Unit issue costs	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Statement for the first quarter FY2014				
Trust				
Balance as at 1 January 2014	7,572,356	(286,279)	(722,984)	6,563,093
Total comprehensive loss	-	-	(33,689)	(33,689)
Unitholders' transactions				
Creation of units				
- management fee paid/payable in units	21,702	-	-	21,702
Distribution paid/payable to Unitholders	-	-	(193,892)	(193,892)
Increase/(decrease) in net assets resulting from Unitholders' transactions	21,702	-	(193,892)	(172,190)
Balance as at 31 March 2014	7,594,058	(286,279)	(950,565)	6,357,214
Balance as at 1 January 2013				
Balance as at 1 January 2013	6,468,360	(271,593)	(525,574)	5,671,193
Total comprehensive loss	-	-	(22,051)	(22,051)
Unitholders' transactions				
Creation of units				
- management fee paid/payable in units	14,948	-	-	14,948
Distribution paid/payable to Unitholders	-	-	(153,292)	(153,292)
Increase/(decrease) in net assets resulting from Unitholders' transactions	14,948	-	(153,292)	(138,344)
Balance as at 31 March 2013	6,483,308	(271,593)	(700,917)	5,510,798

1 (d)(ii) Details of any changes in the units since the end of the previous period reported on

<u>Date</u>	<u>Units Issued</u>	<u>Purpose</u>
As at 1 January 2014	1,858,891,124	Total units since the end of previous financial period
3 January 2014	3,642,690	As payment of management fee for the period from 1 October 2013 to 31 December 2013
As at 31 March 2014	<u>1,862,533,814</u>	
4 April 2014 ^(a)	3,739,997	As payment of management fee for the period from 1 January 2014 to 31 March 2014
Deemed units as at 31 March 2014	<u>1,866,273,811</u>	

Footnote:

(a) On 4 April 2014, there was an additional 3,739,997 units issued to the Manager as payment of management fee for the period from 1 January 2014 to 31 March 2014.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagement 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The same accounting policies and methods of computation were followed during the current financial period as compared with those contained in the audited financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per unit and Distribution per unit for the financial period

Period from 1 January 2014 to 31 March 2014

Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders

Weighted average number of units in issue (million)

Distribution per unit ("DPU") for the period

Total number of deemed units in issue (million)

	Actual 1/1/14 to 31/3/14 HK cents	Actual 1/1/13 to 31/3/13 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	9.04	9.52
Weighted average number of units in issue (million)	1,865.0	1,701.7
Distribution per unit ("DPU") for the period	10.38	9.00
Total number of deemed units in issue (million)	1,866.3	1,702.4

7. Net asset value per unit based on issued units at the end of current period

Net asset value per unit^(a)

	Actual 31/3/14 HK\$	Actual 31/12/13 HK\$
Net asset value per unit ^(a)	10.24	10.26

Footnote:

(a) Net asset value per unit is calculated based on net assets of the Group over the total number of deemed units in issue of 1,866.3 million (31 December 2013: 1,862.5 million).

8. Review of performance

Income Statement

	HK\$ '000		%
	Actual 1/1/14 to 31/3/14	Actual 1/1/13 to 31/3/13	Increase
Total revenue	403,850	301,355	34.0%
Net property income	289,176	217,936	32.7%
Income available for distribution	193,892	153,292	26.5%

1Q 2014 ("Reporting Period") versus 1Q 2013

Total revenue for the Reporting Period was HK\$403.9 million, 34.0% higher year-on-year. The improved financial performance compared to the corresponding period last year was attributed to (i) income contribution from Fortune Kingswood acquired in October 2013; (ii) strong rental reversions across the portfolio; and (iii) strong returns from the completed asset enhancement initiatives ("AEIs").

Portfolio occupancy rate was 99.3% as at 31 March 2014. Passing rent was HK\$33.9 per sq. ft. while a 26.5% rental reversion was achieved from renewed leases for the Reporting Period.

Property operating expenses was HK\$105.7 million, up 37.8% year-on-year. Cost-to-revenue ratio was maintained at 26.2% (first quarter of 2013: 25.4%). Net property income was HK\$289.2 million, a 32.7% increase year-on-year. Income available for distribution was HK\$193.9 million, 26.5% higher year-on-year.

Total borrowing costs (excluding front end fees) were HK\$54.2 million for the Reporting Period, an increase of 65.6% year-on-year due to the drawdown of additional loan facilities to finance the acquisition of Fortune Kingswood on 9 October 2013. The effective interest cost decreased from 2.76% to 2.22%. The gearing ratio and aggregate leverage was at 32.9% as at the end of the Reporting Period (31 December 2013: 32.7%). As at 31 March 2014, the interest cost for 55% (31 December 2013: 37%) of Fortune REIT's loan was hedged through entering into interest rate swaps and caps.

The net current liabilities as at 31 March 2014 was HK\$2,145.7 million, mainly due to (i) drawdown of the revolving credit facility of the 2011 Facilities, which has an option to rollover the revolving credit facility up until maturity, to part finance the acquisition of Belvedere Square and Provident Square in 2012; and (ii) the 2012 Facilities, which was due to mature within the next twelve months. Subsequent to the Reporting Period, the 2012 Facilities was fully repaid by the drawdown of a new 5-year facility on 15 April 2014. After the drawdown of the new facility, the weighted average term to maturity of debt was extended to 3 years (31 December 2013: 2.8 years).

9. Variance between actual and the forecast results for the period from 1 January 2014 to 31 March 2014

The asset performance in this quarter is broadly in line with the commentary under paragraph 10 in the fourth quarter 2013 results released on 24 January 2014.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Hong Kong's economy maintained steady growth in 2013. Gross domestic product expanded by 2.9%, up from 1.5% in 2012. Private consumption expenditure increased by 4.2% year-on-year for 2013, as domestic demand saw healthy growth bolstered by a full employment labour market. The total value of retail sales in Hong Kong recorded a growth of 4.2% for the first three months of 2014.

As there could be continued pressure on certain costs such as rising wages and electricity costs, the Manager will closely monitor operating expenses. As part of Fortune REIT's green policy, energy-saving initiatives will continue to be implemented to reduce the impact of higher electricity tariffs.

The Manager will maintain its commitment to drive revenue growth by implementing AEs, as well as effective leasing and tenant repositioning strategies. Looking ahead, the full-year contribution from Fortune Kingswood, as well as completed AEs at Ma On Shan Plaza and Fortune City One Market are expected to contribute to further revenue growth for Fortune REIT.

11. Distributions

(a) Current financial period

Any distribution declared for the current period? NIL

(b) Corresponding period of the immediate preceding financial year

Any distribution declared for the current period? NIL

(c) Date Payable Not applicable

(d) Book Closure Date Not applicable

12. If no distribution has been declared/(recommended), a statement to that effect

No distribution has been declared or recommended for the current financial period from 1 January 2014 to 31 March 2014.

13. Interested Person Transaction Mandate

Fortune REIT has not obtained a general mandate from Unitholders for Interested Person Transactions.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the manager of Fortune Real Estate Investment Trust (the "Manager") which may render the unaudited interim financial results of the Group and the Trust (comprising the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to Unitholders and consolidated statement of cash flows, together with their accompanying notes) as at 31 March 2014 and the results of the business, changes in net assets attributable to Unitholders and cash flows of the Group for the 3 months ended on that date, to be false or misleading in any material respect.

On behalf of the Board of the Manager,

Ang Meng Huat, Anthony
Director

Chiu Yu, Justina
Director

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, including employee wages, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD
ARA ASSET MANAGEMENT (FORTUNE) LIMITED
AS MANAGER OF FORTUNE REAL ESTATE INVESTMENT TRUST

Ang Meng Huat, Anthony
Director

8 May 2014