

Press Release

Revenue and net property income up 23.8% & 26.8% respectively
Annualised dividend yield of 7.0%
Portfolio valuation rose 8% to HK\$12,421 million
Portfolio occupancy at 96.2%; rental reversion at 11.9%

28 Jul 2010. ARA Asset Management (Fortune) Limited (the "Manager"), as 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 half year ended 30 June 2010 ("1H10").

"Fortune REIT has delivered another set of strong financial results for 1H10. Revenue and net property income jumped 23.8% and 26.8% year-on-year to HK\$413.8 million and HK\$302.3 million respectively. A dividend of 12.27 HK cents per unit will be paid to Unitholders on 27 August 2010. It represents an annualized distribution yield of 7.0%¹ which is backed by a resilient retail portfolio and a stable and transparent income stream," said Mr Anthony Ang, Chief Executive Officer of the Manager.

"The positive trend in retail sales remains intact, with 9 consecutive months of year-on-year increases from September 2009 to May 2010. Fortune REIT is expected to benefit from the improving economic conditions, rising consumer confidence and growing domestic consumption in Hong Kong." added Mr Ang.

Overview of Fortune REIT's financial results

	Six months ended 30 June 2010	Six months ended 30 June 2009	% change
Revenue (HK\$ million)	413.8	334.3	23.8%
Net property income (HK\$ million)	302.3	238.4	26.8%
Cost-to-revenue ratio	24.7%	26.5%	(1.8%)
Income available for distribution (HK\$ million)	204.6	161.7	26.5%
Distribution per unit (HK cents) ²	12.27	19.60	(37.4%)
	As at 30 Jun 2010	As at 31 Dec 2009	% change
Net asset value per unit (HK\$)	5.70	5.33	6.9%
Property valuation (HK\$ million)	12,421	11,500	8.0%
Gearing ratio / Aggregate leverage	21.9%	23.7%	(1.8%)

¹ Based on the average closing unit price (HK\$3.53) in Hong Kong and Singapore as at 30 June 2010.

² DPU for 1H10 is calculated based on the total enlarged units in issue, which included 824.9 million of rights units and 6.4 million of acquisition fee in units issued on 15 October 2009 and 16 October 2009 respectively.

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A solid operating performance - high occupancy with positive rental reversion. Fortune REIT continued to uphold a solid portfolio occupancy of 96.2% as at 30 June 2010. Portfolio occupancy slid slightly from 97.3% a quarter ago as a result of the renovation works at City One Shatin Property while the average occupancy of the other 13 malls remained strong at 98.0%. Portfolio passing rent stood firmly at HK\$27.5 psf as at 30 June 2010. Rental reversion for renewals was 11.9%.

Increased portfolio valuation and strengthened financial position. Fortune REIT's portfolio of 14 retail properties were appraised at HK\$12.4 billion as at 30 June 2010, an increase of 8% from the valuation as at 31 December 2009 (HK\$11.5 billion). As a result of the increased portfolio valuation, Fortune REIT's gearing ratio reduced further to 21.9% (31 December 2009: 23.7%). Given a debt headroom of about HK\$2.6 billion³ and the current low interest rates environment, Fortune REIT is financially well-positioned to seize growth opportunities. The HK\$2.3 billion worth of unencumbered assets also provides us the financial flexibility to react to the opportunities efficiently.

Asset enhancement initiatives (AEIs) in City One Shatin Property. The highlighted AEIs at Ngan Shing Commercial Centre of City One Shatin Property commenced in May 2010 and are expected to complete by the end of third quarter 2010 as scheduled. Our proactive leasing and marketing strategy paid off handsomely, as over 98% of the renovated space has already been pre-leased at higher rental rates, with most of the new leases commencing from September 2010 onwards. Such encouraging results has reinforced the next phase of AEIs to be embarked at the other side of the property - City One Plaza, which already saw the embrace of retailers by competing for prime space ahead of actual renovation.

"Fortune REIT has performed very well in the first half of 2010, delivering consistent growth in distributable income. We are encouraged by the strong and sustainable operating performance and happy to see the unfolding of the AEIs results. As part of our strategy to maximize the value of our properties, we have invested in the long-term competitiveness and value of City One Shatin Property by embarking on a major AEI programme that will significantly enhance its shopping ambiance and operational efficiency. Going forward, the Manager remains focused on driving revenue growth and executing asset enhancement initiatives on its properties. In addition, the Manager will continue to prudently seek for acquisition opportunities that are in line with its investment objectives, as well as provide long term benefit to the Unitholders of Fortune REIT." Concluded Ms Justina Chiu, Deputy Chief Executive Officer of the Manager.

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³ A debt headroom of HK\$2.6 billion before the statutory borrowing limit of 35%.

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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 was dual primary 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 fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, comprising approximately 2.0 million square feet of retail space and 1,660 car parking lots. The retail properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property. 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 wholly-owned subsidiary of ARA Asset Management Limited, which is listed on the Main Board of the Singapore Exchange Securities Trading Limited. More information can be found at 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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