

Press Release

Fortune REIT's DPU registered strongest growth in 9 years Revenue and Net Income also at new high DPU up 23.6% year-on-year

*20.6% portfolio rental reversion
6.9%¹ annualised dividend yield*

Financial Results Overview

	1H2012	1H2011	% Change	2Q2012	2Q2011	% Change
Revenue (HK\$ million)	537.4	446.8	20.3%	278.2	228.0	22.0%
Net property income (HK\$ million)	382.1	319.5	19.6%	196.8	158.5	24.2%
Income available for distribution (HK\$ million)	268.3	214.8	24.9%	136.5	102.0	33.8%
Distribution per unit (HK cents)	15.82	12.80	23.6%	8.04	6.07	32.5%

20 July 2012. 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 six months ended 30 June 2012 ("1H2012" or "Reporting Period").

Growth Engines fuelled to go further. Fortune REIT achieved record-breaking results for 1H2012. Revenue and net property income surged by 20.3% and 19.6% year-on-year to a historic high of HK\$537.4 million and HK\$382.1 million respectively, also marking some of the highest growth rates recorded in its nine years of operating history. The stunning results reported were mainly attributed to the successful execution of its three core growth strategies, namely active leasing management, the yield-accretive acquisition of Provident Square and Belvedere Square and the remarkable returns derived from the asset enhancement initiatives ("AEI") of Fortune City One ("FCO") and Ma On Shan Plaza ("MOSP").

Distributable income amounted to HK\$268.3 million, a year-on-year increase of 24.9% adding to the growth momentum reinforced by the strong financial results. The distribution per unit ("DPU") was 15.82 HK cents, 23.6% higher than the corresponding period last year and represents an annualised distribution yield of 6.9%¹.

Solid asset performance amidst softening economic growth. Fortune REIT's private housing estate retail portfolio has again demonstrated sustainable growth. A strong rental reversion of 20.6% was recorded for the enlarged portfolio with passing rent for the original portfolio up by 11.5% year-on-year. Portfolio occupancy remained healthy at 96.5% as at 30 June 2012, despite frictional vacancies due to on-going AEIs at FCO and Jubilee Square.

¹ Based on HK\$4.60, the average closing unit price in Singapore and Hong Kong, as of 29 June 2012.

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AEIs fuelled growth at the two largest malls. The AEIs at MOSP involved the downsizing of a 50,000 sq ft Chinese restaurant space, thus opening up a new corridor to enable more retail and food and beverages offerings. Net property income for MOSP jumped 20.7% year-on-year. With a capital expenditure of approximately HK\$12 million, return on investment ("ROI") for the project was a promising 73%. The first phase of FCO's AEIs has already been completed and has started to contribute an enhanced rental during the Reporting Period. The remaining AEI phases at FCO are progressing well and are scheduled for completion by the end of 2012. The Manager remains optimistic of achieving a ROI of at least 15% for the project. The total expenditure of FCO AEIs are approximately HK\$100 million.

Two newly acquired malls have seen notable improvement. Provident Square saw its occupancy significantly boosted to 99.6% as at 30 June 2012 (30 September 2011: 92.3%) after it was integrated into Fortune REIT's portfolio. The Manager is looking to broaden the tenant and trade mix at Belvedere Square with more than 30% of its leased area expiring in the rest of 2012. Since February 2012, a few retail shops and a new food and beverage outlet have been introduced at Belvedere Square. These two new properties should continue to present growth opportunities for Fortune REIT.

Strong financial position. As at 30 June 2012, the gearing ratio of Fortune REIT remained healthy at 24.5%. The weighted average effective cost of borrowing has been brought down by 167 basis points to 2.77% for the Reporting Period (first half of 2011: 4.44%). Fortune REIT's financial position has been diversified and further strengthened with a new facility. Refinancing risk has been kept to the minimum in the medium term with no loan facility expiring until 2015.

Mr Anthony Ang, Chief Executive Officer of the Manager, "We are delighted with our historical high income and growth in 1H2012 which benchmarked Fortune REIT's solid assets performance and effective growth strategies through acquisition and AEIs. Looking ahead, we believe that Fortune REIT's portfolio of necessity shopping malls will prove its resilience amidst the potential impact of global economic uncertainties on Hong Kong."

Ms Justina Chiu, Deputy Chief Executive Officer of the Manager concluded, "The progress of the AEIs in FCO is encouraging, contributing to remarkable returns. Besides the AEIs at FCO, which will be completed by this year, Fortune REIT has embarked on an AEIs at Jubilee Square to capture the increasing demand within the expanding immediate catchment. Capital expenditure for the project is estimated to be HK\$15 million with a target ROI of 15%. By implementing continuous plan-ahead AEIs, Fortune REIT intends to sustain a long-term return to its unitholders."

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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 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 sixteen retail properties in Hong Kong, comprising approximately 2.45 million sq ft of retail space and 1,989 car parking lots. The retail properties are Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Belvedere Square, Waldorf Avenue, Provident Square, Caribbean Square, Jubilee Square, Smartland, Tsing Yi Square, Nob Hill 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 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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