

Press Release

Fortune REIT Registers Record High Revenue and Net Property Income DPU up 23.0% year-on-year

*19.8% portfolio rental reversion
5.1%¹ dividend yield*

Financial Results Overview

	For the Year Ended 31 December			For the 3 Months Ended 31 December		
	FY2012	FY2011	% Change	4Q2012	4Q2011	% Change
Revenue (HK\$ million)	1,113.7	909.4	22.5%	291.6	231.9	25.7%
Net property income (HK\$ million)	788.3	642.1	22.8%	206.9	162.0	27.7%
Income available for distribution (HK\$ million)	549.5	442.3	24.2%	142.5	115.1	23.7%
Distribution per unit (HK cents)	32.35	26.30	23.0%	8.37	6.82	22.7%

24 January 2013. 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 year ended 31 December 2012 ("FY2012" or "Reporting Year").

Firing Three Growth Engines. Fortune REIT recorded impressive results for FY2012. During the Reporting Year, total revenue and net property income increased by 22.5% and 22.8% year-on-year to HK\$1,113.7 million and HK\$788.3 million respectively. This outstanding performance was attributable to the successful execution of our three core strategies. In particular, strong rental growth across the entire portfolio, coupled with remarkable return from the asset enhancement initiatives ("AEIs") at Fortune City One ("FCO") and Ma On Shan Plaza ("MOSP") contributed to 10.4% of the net property income growth. The additional income stream from Belvedere Square and Provident Square accounted for the remaining 12.4% of the net property income growth.

Income available for distribution increased 24.2% year-on-year to HK\$549.5 million for FY2012. The DPU for the year was 32.35 HK cents and represents a distribution yield of 5.1%¹. This higher DPU is attributable to better asset performance, prudent capital and cost management, and accretive acquisitions.

Solid performance despite the market challenges. Fortune REIT's portfolio of private housing estates retail properties remained buoyant despite the moderation in overall retail sales in Hong Kong. Portfolio occupancy remained healthy at 97.7% as at 31 December 2012, despite frictional vacancies due to ongoing AEIs at FCO and Jubilee Square. Rental reversion of 19.8% was recorded for lease renewals during the Reporting Year, representing one of the strongest increases since Fortune REIT's establishment. Passing rent climbed to HK\$32.0 per sq ft. Excluding the two new properties, passing rent for the original portfolio has improved by 8.3% year-on-year.

¹ Based on HK\$6.38, the average closing unit price in Singapore and Hong Kong, as of 31 December 2012.

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Accretive acquisitions brought in new growth momentum. The newly acquired properties, Belvedere Square and Provident Square, have recorded improving operational statistics since their integration into Fortune REIT's portfolio in February 2012. Taking advantage of approximately 44.2% of leases expiring in FY2012 at Belvedere Square, which had been focusing on necessity and service trades, Fortune REIT has actively enriched the trade mix by introducing new tenants. On the other hand, Provident Square, Fortune REIT's first property on Hong Kong Island, is now almost fully let when compared with its 92.3% occupancy rate as at 30 September 2011.

Completed AEs continue to fuel higher return. Higher income resulting from the completed AEs at MOSP in October 2011 were fully reflected in the financials of FY2012 and became a major revenue growth driver in the year. Based on a capital expenditure of approximately HK\$12 million, Fortune REIT achieved a return on investment ("ROI") of 73%. The net property income for MOSP has notably increased by 24.1% from the previous year. Meanwhile, the completion of our largest AEs ever at FCO by the end of 2012 should help to sustain a satisfactory portfolio performance during 2013 and beyond. With a capital expenditure of approximately HK\$100 million, the AEs accomplished a satisfactory ROI of more than 20%. Furthermore, the HK\$15 million project to renovate three floors of Jubilee Square was commenced in the second quarter of 2012 with an objective to capture the rapidly growing demand within the immediate and expanding catchment area. With a target ROI of 15%, the project is expected to be completed in the first half of 2013.

Healthy financial position. Fortune REIT's financial position has been diversified and further strengthened with the new 2012 Facility. Refinancing risk has been kept to the minimum in the medium term with no loan facility expiring until 2015. On the other hand, the Manager continued to take a prudent approach in managing the risk which may arise due to fluctuation of interest cost. The weighted average effective cost of borrowing has been brought down by 87 basis points to 2.78% for the Reporting Year (2011: 3.65%)

Mr Anthony Ang, Chief Executive Officer of the Manager, said, "The year 2012 was challenging, yet marked another record-setting year for Fortune REIT. Amidst global uncertainty, Fortune REIT has achieved not only record-high income but growth, coupled with a more diversified property portfolio, which has further proved its resilience. In the coming year, the trend of shoppers dispersing from traditional hot spots to nearby community shopping centers should continue. With assets rooted at 16 private housing estates in Hong Kong providing necessity shopping facilities to the surrounding communities, Fortune Malls is well prepared to capture such outstanding opportunities. We believe Fortune REIT should continue to enjoy bright prospects in the years ahead."

Ms Justina Chiu, Deputy Chief Executive Officer of the Manager concluded, "Looking ahead, AEs will continue to be development highlights in the coming years. Besides the ongoing AEs project at Jubilee Square, we are looking to enhance the overall positioning and tenant mix of Belvedere Square. This project is expected to enable Belvedere Square to tap the enormous opportunities along Castle Peak Road. We are confident that our efforts on continuous AEs and evaluation of market opportunities can sustain a long-term return to our 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, Smartland, Jubilee Square, 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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