

Press Release

Fortune REIT's Third Quarterly Revenue Hits Historic High, Up 33.0% Year-on-year

24.6% portfolio rental reversion
6.0%¹ annualised dividend yield

Financial Results Overview

	YTD 3Q14	YTD 3Q13	% Change
Revenue (HK\$ million)	1,230.1	924.9	33.0%
Net property income (HK\$ million)	867.7	653.2	32.8%
Income available for distribution (HK\$ million)	583.6	460.3	26.8%
Distribution per unit (HK cents)	31.18	26.28	18.6%

11 November 2014. 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 nine months ended 30 September 2014 ("YTD 3Q14" or "Reporting Period").

Sustained growth and strong financial performance. Fortune REIT has continued to deliver another set of outstanding financial performance for YTD 3Q14, with revenue and net property income rising by 33.0% and 32.8% year-on-year to historical highs of HK\$1,230.1 million and HK\$867.7 million respectively. The excellent performance was driven by the successful execution of Fortune REIT's three core strategies: 1) strong rental reversions across its enlarged portfolio; 2) satisfactory returns from completed asset enhancement initiatives ("AEIs") and 3) additional income contribution from Fortune Kingswood acquired in October 2013.

Income available for distribution for the Reporting Period amounted to HK\$583.6 million, a year-on-year increase of 26.8%. The distribution per unit for YTD 3Q14 increased by 18.6% year-on-year to 31.18 HK cents, representing an annualised dividend yield of 6.0%¹.

Solid operational matrix enables further expansion. Leasing momentum remained robust with the occupancy rate maintained at a healthy 97.1% as at 30 September 2014, despite frictional vacancy from ongoing AEIs at Belvedere Square. Leveraging our active leasing management and the completed AEIs, Fortune REIT has built strong pillars for future growth across our entire portfolio. A strong rental reversion of 24.6% was recorded for renewals during the Reporting Period. Consequently, portfolio passing rent rose further to HK\$35.7 per sq. ft., with the rent from the original portfolio up 8.5% year-on-year.

¹ Based on HK\$6.90, the average closing unit price in Singapore and Hong Kong, as of 30 September 2014.

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Major AEs commenced at Belvedere Square. The AEs at Belvedere Square have commenced in September 2014 as scheduled. The capital expenditure is estimated to be approximately HK\$80 million with a target return on investment of 15%. This major renovation aims to transform the mall through an enhanced shopping ambience and a more efficient layout so as to accommodate higher-yielding retailers. The project will be completed in phases by the end of 2015 and is expected to contribute to further revenue growth for Fortune REIT.

No refinancing needs until 2016. Fortune REIT's gearing was 31.2% as at the end of the Reporting Period with no refinancing needs until 2016. As at 30 September 2014, the interest cost for approximately 55% of Fortune REIT's outstanding debt has been hedged through interest rate swaps and caps.

Mr. Anthony Ang, Chief Executive Officer of the Manager, said, "Guided by the efficient and effective management of our properties and execution of our three core growth strategies, Fortune REIT has continued to deliver an outstanding performance and has achieved historical highs in revenue and net property income. The strong results in the third quarter were driven by our solid asset performance and additional income stream from Fortune Kingswood acquired in 2013. Looking to the future, although the overall economic outlook faces uncertainty such as the slowdown in local demand and fallout from the recent "occupy activities", we believe that Fortune REIT's proven resilience should enable us to weather unfavourable economic circumstances and deliver long-term stable returns to Unitholders."

Ms. Justina Chiu, Deputy Chief Executive Officer of the Manager, added, "Unlocking the hidden value from our properties has always been the key strength of Fortune REIT. With this in mind, we remain committed to generating revenue growth through various yield-enhancing AEs to improve the rental income of our portfolio. The AEs at Belvedere Square have been kicked off as scheduled and, upon completion in 2015, it will be another comfortable shopping mall serving the residential catchment along Castle Peak Road. The AEs, coupled with our effective leasing and tenant repositioning strategies, should enable us to maintain the good growth track record and create greater value for 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. Listed on 12 August 2003 on the Singapore Exchange Securities Trading Limited ("SGX-ST") with a dual primary listing on The Stock Exchange of Hong Kong Limited on 20 April 2010, Fortune REIT was Asia's first cross-border REIT and also the first REIT to hold assets in Hong Kong.

Fortune REIT currently holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising of 3.11 million Sq.ft. of retail space and 2,606 car parking spaces. 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. 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 ("ARA"). ARA is a real estate fund management company listed on the main board of SGX-ST. 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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