

Press Release

Fortune REIT Records Strong DPU Growth of 12.0%

**18.4% Portfolio Rental Reversion
5.8% Dividend Yield**

Financial Results Overview

	1Q2015	1Q2014	% Change
Revenue (HK\$ million)	458.8	403.9	13.6%
Net property income (HK\$ million)	325.0	289.2	12.4%
Income available for distribution (HK\$ million)	218.7	193.9	12.8%
Distribution per unit (HK cents)	11.63	10.38	12.0%

8 May 2015. ARA Asset Management (Fortune) Limited (the “Manager”), the 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 three months ended 31 March 2015 (“1Q2015” or “Reporting Period”).

Outstanding results supported by acquisition and organic growth. Fortune REIT has delivered another excellent set of results in the first quarter of 2015, with total revenue and net property income increasing by 13.6% and 12.4% year-on-year to HK\$458.8 million and HK\$325.0 million respectively. The exceptional financial performance was mainly attributed to the strong rental reversions across the portfolio and additional income contributions from Laguna Plaza, which was acquired in January 2015.

Income available for distribution was HK\$218.7 million, an increase of 12.8% from the same quarter last year. The distribution per unit for 1Q2015 rose by 12.0% year-on-year to 11.63 HK cents, representing an annualised dividend yield of 5.8%¹.

Strong leasing momentum continues across our portfolio. Fortune REIT continued to deliver solid operating results in the Reporting Period. Portfolio occupancy was 98.1% as at 31 March 2015, despite frictional vacancies due to on-going asset enhancement initiatives (“AEIs”) at Belvedere Square. Rental reversion for renewals in 1Q2015 remained solid at 18.4% with portfolio passing rent rising further to HK\$37.0 per sq. ft. as at 31 March 2015. Excluding Laguna Plaza, passing rent for the original portfolio has increased by 8.2% year-on-year.

Rolling AEIs drives sustainable growth. The HK\$80 million AEIs project at Belvedere Square is progressing smoothly with completion scheduled by the end of 2015. The first renovated zone of about 50,000 Sq. ft. was re-opened for business since January 2015, with higher-paying new tenants including wet market stalls, a Chinese restaurant and several household goods stores. The targeted return on investment for the project is 15%. In addition, the Manager is planning for the next major AEIs at Fortune Kingswood with an objective to reposition the mall into a regional shopping centre serving a wider spectrum of shoppers beyond the nearby residents.

¹ Based on HK\$ 8.19, the average closing unit price in Singapore and Hong Kong, as of 31 March 2015.

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Completed Fortune REIT's first acquisition from an independent third party. On 9 January 2015, Fortune REIT has completed the acquisition of Laguna Plaza (麗港城商場) for HK\$1,918.5 million with a 4.7% net property yield, the fourth yield-accretive property acquired in three years. Together with Centre de Laguna within our existing portfolio, the two properties will create a synergistic cluster for further growth.

A healthy balance sheet. As at 31 March 2015, the gearing ratio and aggregate leverage of Fortune REIT increased to 33.2% (31 December 2014: 29.4%) due to HK\$1,865.1 million additional bank loans drawn down during the quarter to finance the acquisition of Laguna Plaza. The weighted average effective cost of borrowing was 2.02% for the first quarter of 2015, decreasing from 2.22% for the same period last year. As at 31 March 2015, the interest cost for 46% of Fortune REIT's loan was hedged through interest rate swaps and caps. Fortune REIT has no refinancing needs until 2016.

NAV-accretive disposal to unlock value for our Unitholders. On 11 February 2015, Fortune REIT has entered into a Sale and Purchase Agreement to dispose Nob Hill Square (盈暉薈) for HK\$648 million, equivalent to a 2.9% net property yield. This is Fortune REIT's first-ever asset divestment in its 11-year operating history. The sale price of HK\$648 million represents a 48% premium over valuation and has resulted in a disposal gain of approximately HK\$215 million. The disposal was completed on 2 April 2015. Net proceeds from the divestment were used for loan repayment and gearing was reduced to 31.8% as a result. With a greater financial flexibility after the divestment, Fortune REIT is in a better position to pursue growth opportunities.

Ms. Justina Chiu, Chief Executive Officer of the Manager said, "We are delighted that Fortune REIT has continued to deliver outstanding results in the first quarter of 2015; driven mainly by our solid asset performance and the additional income from Laguna Plaza which its acquisition was completed in early 2015. The strong financial performance is a testimony to the successful execution of our three core strategies – asset investment, asset management and asset enhancement. Going forward, Fortune REIT remains committed to achieving revenue growth by undertaking various yield-enhancing AEs to upgrade our assets and improve the rental income of the portfolio. We are confident that such efforts, combined with the ongoing evaluation of investment opportunities, will lead to long-term sustainable returns 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. 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.

Following the disposal of Nob Hill Square on 2 April 2015, Fortune REIT currently holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising of 3.18 million sq.ft. of retail space and 2,713 car parking spaces. The retail properties are Fortune City One, Fortune Kingswood, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Laguna Plaza, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi 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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