



29 July 2008

Manager of



**Revenue and NPI improved by 2.8% and 2.0% qtr-on-qtr
Portfolio passing rent improved by 8.1% year-on-year**

29 July 2008. ARA Asset Management (Singapore) Limited (“ARASL” or (“Manager”)), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is pleased to announce the results for Fortune REIT for the quarter ended 30 June 2008 (“2Q08”).

“We are pleased that Fortune REIT’s portfolio of eleven retail malls delivered stable and sustainable growth for 2Q08. The total revenue and net property income rose some 2.8% and 2.0% respectively in 2Q08 over 2Q07. Portfolio passing rent has grown 8.1% year-on-year to HK\$26.52 psf as at 30 June 2008 across the portfolio of properties. Going forward, the Manager will continue to focus on yield enhancing asset enhancement projects in order to extract value from our assets and boost returns to Unitholders.” Stephen Chu, Chief Executive Officer of ARASL commented.

Total revenue rose 2.8% in 2Q08 over 2Q07 Total revenue increased by 2.8% for 2Q08 over 2Q07. This was mainly attributed to the higher rents achieved from the enhanced area of The Waldorf Garden after the two-phased asset enhancement works which was completed in the third quarter of 2007 and the first quarter of 2008 respectively. City One Shatin Property and Ma On Shan Plaza continued to perform strongly in 2Q08.

Fortune REIT financial results

	2Q08	2Q07	Variance	1H08	1H07	Variance
Total revenue (HK\$'000)	156,558	152,287	2.8%	308,941	308,238	0.2%
Net property income ¹ (HK\$'000)	114,954	112,741	2.0%	228,963	228,871	0.0%
Income available for distribution (HK\$'000)	79,387	69,948	13.5%	150,916	143,322	5.3%
Tax-exempt distribution per unit (HK\$)	0.0972 ²	0.0863 ³	12.6%	0.1851 ²	0.1770 ³	4.6%
Annualized tax-exempt distribution yield	-	-	-	8.2% ²	5.4% ³	-

Notes:

1. After Manager’s performance fee
2. Based on the closing Unit price of HK\$4.54 on 30 June 2008 and Units in issue of 815.3 million
3. Based on the closing Unit price of HK\$6.60 on 29 June 2007 and Units in issue of 809.6 million

Cost-to-revenue ratio remained stable. The Manager will continue to focus on prudent cost rationalization efforts in order to maintain a stable cost-to-revenue ratio that commensurate with a quality facility to tenants and visitors. Despite a higher expense, the portfolio was still efficiently managed at a cost-to-revenue ratio of 23.6%. The property operating expense was marginal higher by 0.8% in the reporting period than the previous year due mainly to a higher leasing commission as a result of a pro-active leasing effort.

Generous tax-exempt yield of 8.2%. Fortune REIT delivered a healthy annualised tax-exempt yield of 8.2% as of 30 June 2008. This is equivalent to a 9.5% yield on a pre-tax basis. As Fortune REIT properties are held directly under local companies in Hong Kong, the portfolio's income had been subject to Hong Kong taxes and hence distributed net of tax in Singapore.

Portfolio average rent improves to HK\$26.52 psf. Fortune REIT's portfolio of eleven retail properties achieved an average rental rate of HK\$26.52 psf as at end of June 2008, an improvement of 8.1% over a year ago. Close to 195,000 sf of leases which had expired in 1H08 were renewed on strong rental reversions of about 25.6%.

Asset enhancement works continues. Asset enhancement initiatives to improve revenue and shopping experience are in progress with the major initiatives at City One Shatin Property, Household Center and Smartland to refine the physical enhancements and tenant mix. Asset enhancement works are planned systematically to minimise interim volatility to the revenue stream and to lessen the impact of rent void periods.

Portfolio gearing at a low 23.4%. Fortune REIT's low gearing of 23.4% provides management with debt flexibility of about HK\$1.8 billion for opportunistic acquisitions, before a credit rating and before the statutory borrowing limit of 35% is reached.

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About Fortune REIT

Fortune Real Estate Investment Trust ("Fortune REIT") was established under a Trust Deed dated 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005 and a 2nd Supplemental Deed dated 20 April 2006) made between ARA Asset Management (Singapore) Limited, as Manager, and HSBC Institutional Trust Services (Singapore) Limited, as Trustee. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 August 2003.

Fortune REIT now holds a portfolio of eleven retail malls in Hong Kong, spread across Kowloon and the New Territories, through the ownership of property companies ("the Property Companies"), worth approximately HK\$9.7 billion. The retail malls are City One Shatin Property, Ma On Shan Plaza, The Metropolis Mall, Waldorf Garden Property, Smartland, Jubilee Court Shopping Centre, Tsing Yi Square Property, The Household Center, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they house a total of 832 tenants as at 30 June 2008 from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. Notable tenants include Park'N Shop, 7-Eleven, Aji Ichiban, Maxim's Chinese Restaurant, Watson's, Mannings, Modern Beauty Salon, Fortress, McDonald's, KFC, 3G Shop, GOME, Bank of China (Hong Kong), DBS Bank, Standard Chartered Bank, Citibank, HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School Limited, PCCW and the Hong Kong Jockey Club. More information can be found at www.fortunereit.com.

About ARASL, the Manager

Fortune REIT is managed by ARA Asset Management (Singapore) Limited, a wholly owned subsidiary company of ARA Asset Management Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). More information can be found at www.ara-asia.com.

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