

**Media Release**

**4 November 2009**

---

**Distributable income rose 14.1% over 3Q08**  
**Improving occupancy with positive rental reversion**

**4 November 2009.** ARA Asset Management (Singapore) Limited (the “Manager” or “ARASL”), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is pleased to announce a 5.1% increase in net property income to HK\$118.6 million for the quarter ended 30 September 2009 (“3Q09” or the “Reporting Period”) over the same quarter last year. Distributable income increased by 14.1% to HK\$81.2 million from a year ago.

“Following the solid growth in distributable income over the first half of 2009, we are pleased to report another set of sustained results for 3Q09. Distributable income grew by 9.4% to HK\$242.9 million for the first nine months of 2009 (“YTD 3Q09”). Fortune REIT’s portfolio of eleven retail malls recorded improved occupancy with positive rental reversion in the quarter, through proactive lease renewals and new lettings. Along with the improved economic outlook, we will embark on asset enhancement works at our largest property, City One Shatin Property, in 2010. With the successful completion of the rights issue and debt refinancing, we now have a stronger balance sheet with no debt maturing until 2013. We will focus on driving operational performance through proactive asset management and at the same time, seek for attractive acquisition opportunities that the market may present.” Justina Chiu, Chief Operating Officer of ARASL commented.

**Summary of Fortune REIT Financial Results**

	3Q09	3Q08	Variance	YTD 3Q09	YTD 3Q08	Variance
Total revenue (HK\$'000)	167,442	161,916	3.4%	501,755	470,857	6.6%
Net property income (“NPI”) <sup>1</sup> (HK\$'000)	118,592	112,841	5.1%	357,007	341,804	4.4%
Income available for distribution (HK\$'000)	81,212	71,162	14.1%	242,910	222,075	9.4%
Distribution per Unit <sup>2</sup> (“DPU”) (HK\$)	0.0975	0.0865	12.7%	0.2935	0.2716	8.1%

---

<sup>1</sup> After Manager’s performance fee.

<sup>2</sup> DPU are derived from the deemed units of 827.5 million. It has not taken into account the rights units of 824.9 million and the acquisition fee in units of 6.4 million which have been issued on 15 October 2009 and 16 October 2009 respectively.

**Solid operational results.** Higher occupancies and rental rates at City One Shatin Property, Ma On Shan Plaza, The Metropolis Mall and Waldorf Garden Property were the main drivers of the year-on-year revenue growth of 3.4% in 3Q09. Amidst tough market conditions, the portfolio occupancy improved further to 93.1% as at end of 3Q09 with positive rental reversion of 3.9% registered for renewals in YTD 3Q09. Coupled with a well contained property operating expenses, NPI for 3Q09 grew 5.1% year-on-year to HK\$118.6 million as a result.

**More stable income with the new assets.** Fortune REIT completed the acquisitions of Metro Town, Caribbean Bazaar and Hampton Loft (the “Acquisitions”) on 15 October 2009, these three new assets is expected to provide Fortune REIT with a more stable cash flow thereby enhancing the income profile of the portfolio. Balance of the rights issue proceeds, after the cost of the Acquisitions, will be used for capital expenditure, asset enhancement and other general corporate and working capital purposes.

**Stronger balance sheet.** Borrowing costs for YTD 3Q09 amounted to HK\$64.8 million, 15.9% lower than the same period last year, with an effective interest rate of 3.64%. Fortune REIT now has a stronger balance sheet with no refinancing needs until 2013. With a low gearing of 25.7% and HK\$2.1 billion worth of unencumbered assets<sup>3</sup> upon refinancing next year, Fortune REIT is well-positioned to grow its asset base by being able to respond quickly to acquisition opportunities.

**Market Outlook.** Hong Kong’s economy has registered a growth of 3.3% in the second quarter of 2009 over the previous quarter, reversing the contraction in the preceding fourth quarters. Along with the encouraging signs of an economic recovery, Hong Kong Government’s forecast for the economy has revised upward to a contraction of 3.5% to 4.5% for year 2009 as a whole. The value of total retail sales in September 2009 increased by 2.4%, the first year-on-year increase in 8 months. The improvement of the local economy, coupled with stabilizing effect of the government’s relief measures should continue to render support to consumer confidence and festive spending in the coming months.

END

---

<sup>3</sup> On 15 October 2009, Fortune REIT has entered into a term loan facility of HK\$2,830 million and a revolving facility of HK\$270 million for a term of 4 years. HK\$480 million of the term loan has been drawn down for the Acquisitions. Remaining of the term loan will be drawn down on 28 June 2010 to refinance the existing term loan. The 3 new assets will be unencumbered upon refinancing.

## **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 (Singapore) 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 on 12 August 2003.

On 15 October 2009, Fortune REIT acquired three retail properties, adding to the existing portfolio of 11 properties. Following the acquisitions, Fortune REIT now holds a portfolio of fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, through the ownership of property companies (“the Property Companies”), worth approximately HK\$11.0 billion. The retail properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property. They house tenants 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, Watsons, Mannings, Modern Beauty Salon, Fortress, McDonald’s, Kentucky Fried Chicken, Watami Japanese Restaurant, Centaline Property Agency, Midland Realty, DBS Bank, Bank of China (Hong Kong), HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School and the Hong Kong Jockey Club. More information can be found at [www.fortunereit.com](http://www.fortunereit.com).

## **About ARASL, the Manager**

Fortune REIT is managed by ARASL, a wholly owned subsidiary company of ARA Asset Management Limited, which is listed on the Mainboard of the SGX-ST. More information can be found at [www.ara-asia.com](http://www.ara-asia.com).

## **Media and investor contacts**

Justina Chiu  
Chief Operating Officer  
[justinachiu@ara.com.hk](mailto:justinachiu@ara.com.hk)

Jenny Hung  
Manager, Investment and Investor Relations  
[jennyhung@ara.com.hk](mailto:jennyhung@ara.com.hk)

Singapore Office Tel:  
+65 6835 9232

Hong Kong Office Tel:  
+852 2169 0928