

Press Release

Distributable income up 28.2% in 1Q10; Annualised dividend yield of 7.3%

Portfolio occupancy at all-time high of 97.3%; Solid rental revision of 13.1%

4 May 2010. 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 quarter ended 31 March 2010 ("1Q10").

"Following the acquisition of three new assets in October 2009, we are pleased to deliver a strong revenue and net property income in 1Q10. Together with the sustainable organic growth from our existing portfolio, Fortune REIT delivered a distributable income of HK\$106.2 million for 1Q10, an increase of HK\$23.4 million or 28.2% over the previous corresponding period. Occupancy rate for the portfolio increased further to reach an all-time high of 97.3% with a strong rental reversion of 13.1%. Looking ahead, Fortune REIT's portfolio is expected to benefit from a broad-based economic recovery in Hong Kong." Mr Anthony Ang, Chief Executive Officer of the Manager commented.

Overview of Fortune REIT's financial results

	1Q10	1Q09	Variance
Total revenue (HK\$'000)	209,147	168,249	24.3%
Net property income ("NPI") (HK\$'000)	155,845	123,133	26.6%
Income available for distribution (HK\$'000)	106,208	82,828	28.2%
Distribution Per Unit ("DPU") ¹ (HK\$'000)	0.0638	0.1006	-

Note: 1. DPU for 1Q10 is calculated based on the total enlarged Units in issue of 1,663,952,387 Units, including 824,879,427 of rights Units and 6,371,875 of acquisition fee in Units as well as base fee Units issued during the year.

Solid results backed by both organic and acquisition growth. Total revenue and NPI grew by 24.3% and 26.6% year-on-year to HK\$209.1 million and HK\$155.8 million respectively. Accordingly, distributable income reached HK\$106.2 million, an increase of 28.2% over 1Q09. The improved performance was due to the income contribution of the 3 newly acquired assets which was fully reflected in 1Q10, higher rental rates for new and renewed leases across the portfolio and better operating efficiency. The DPU of 6.38 HK cents represents an annualized yield of 7.3% based on the closing unit price of HK\$3.57 on 31 March 2010.

Historical high occupancy and strong rental reversion. Portfolio occupancy achieved a historical high of 97.3% with passing rent standing at HK\$27.4 psf as at 31 March 2010. A healthy rental reversion of 13.1% was registered for renewals in 1Q10 amidst general well being of the retail sector in Hong Kong. Our three largest properties, namely City One Shatin Property, Ma On Shan Plaza and Metro Town continue to demonstrate an optimistic rent review upside upon renewals, all registering robust rental reversions in 1Q10.

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In addition, out of all the lease expires in Metro Town for 2010 (representing around 50% of Metro Town's gross rental income), more than half have been successful committed. Going forward, the focus will remain on retaining quality tenants and strive to commit expiring leases early as well as upgrade the tenant mix when opportunities arise for the remaining quarters of 2010.

Portfolio gearing of 23.7% offers financing flexibility. With a conservative gearing of 23.7%, Fortune REIT stands out from its peers as one of the lowest geared REITs in the region and provides debt flexibility for acquisition growth in the REIT. Following recent refinancing and the rights issue in October 2009, Fortune REIT has reinforced its financial position with no refinancing needs until 2013. Borrowing costs for the period amounted to HK\$28.4 million, with an effective interest rate of 4.07%.

Asset enhancement in City One Shatin Property. The asset enhancement works at City One Shatin Property will start in May as planned. Phase 1 of the project at Ngan Shing Commercial Center is expected to complete by end of third quarter. As a result of Fortune REIT's proactive leasing and marketing strategy, over 90% of space to be renovated (GRA of about 60,000 sf) has been pre-committed already.

Successful dual primary listing and business outlook. Fortune REIT commenced its trading of Units on The Stock Exchange of Hong Kong Limited on 20 April 2010. The dual primary listing is important for the growth and long term development of Fortune REIT, as it provides Fortune REIT with access to both Singapore and Hong Kong capital markets.

"With the dual primary listing, we will be firing up all three drivers of our growth strategy – comprising active lease management, asset enhancements and yield-accretive acquisitions. We have delivered a solid asset performance in 1Q10 and are confident that City One Shatin Property, upon the completion of its asset enhancement projects, will continue to be a growth engine in our portfolio. We will also continue to look for selective acquisition opportunities." Added Ms Justina Chiu, Deputy Chief Executive Officer of the Manager.

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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 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\$11.5 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. 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 company 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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